
 THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. **465** Session of
2013

INTRODUCED BY MACKENZIE, AUMENT, BOBACK, CAUSER, CONKLIN,
 CUTLER, DAY, DENLINGER, DUNBAR, EVANKOVICH, EVERETT, FLECK,
 GROVE, HAGGERTY, HAHN, HICKERNELL, KAUFFMAN, KNOWLES, KORTZ,
 MAHONEY, MICOZZIE, MILLARD, R. MILLER, READSHAW, ROCK, ROSS,
 SACCONI, SAINATO, SANTARSIERO, SAYLOR, SCHLOSSBERG, SIMMONS,
 STEPHENS, SWANGER, TALLMAN, WATSON, GOODMAN, GILLEN,
 C. HARRIS, KULA, GIBBONS, NEUMAN, MALONEY, BARRAR, PYLE,
 GODSHALL, GABLER, COHEN, MATZIE, FARRY, TOEPEL, MOLCHANY,
 J. HARRIS, TRUITT, BRADFORD, DAVIDSON, CLYMER, ENGLISH,
 KRIEGER AND REED, JANUARY 30, 2013

SENATOR CORMAN, APPROPRIATIONS, IN SENATE, RE-REPORTED AS
 AMENDED, JUNE 30, 2013

AN ACT

1 ~~Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An~~ <--
 2 ~~act relating to tax reform and State taxation by codifying~~
 3 ~~and enumerating certain subjects of taxation and imposing~~
 4 ~~taxes thereon; providing procedures for the payment,~~
 5 ~~collection, administration and enforcement thereof; providing~~
 6 ~~for tax credits in certain cases; conferring powers and~~
 7 ~~imposing duties upon the Department of Revenue, certain~~
 8 ~~employers, fiduciaries, individuals, persons, corporations~~
 9 ~~and other entities; prescribing crimes, offenses and~~
 10 ~~penalties," in realty transfer tax, further providing for~~
 11 ~~definitions and for excluded transactions.~~
 12 AMENDING THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), ENTITLED "AN <--
 13 ACT RELATING TO TAX REFORM AND STATE TAXATION BY CODIFYING
 14 AND ENUMERATING CERTAIN SUBJECTS OF TAXATION AND IMPOSING
 15 TAXES THEREON; PROVIDING PROCEDURES FOR THE PAYMENT,
 16 COLLECTION, ADMINISTRATION AND ENFORCEMENT THEREOF; PROVIDING
 17 FOR TAX CREDITS IN CERTAIN CASES; CONFERRING POWERS AND
 18 IMPOSING DUTIES UPON THE DEPARTMENT OF REVENUE, CERTAIN
 19 EMPLOYERS, FIDUCIARIES, INDIVIDUALS, PERSONS, CORPORATIONS
 20 AND OTHER ENTITIES; PRESCRIBING CRIMES, OFFENSES AND
 21 PENALTIES," IN TAX FOR EDUCATION, FURTHER PROVIDING FOR
 22 DEFINITIONS, FOR EXCLUSIONS FROM TAX, FOR CREDIT AGAINST TAX,
 23 FOR LICENSES AND FOR LOCAL RECEIVERS OF USE TAX; PROVIDING
 24 FOR REMOTE SALES REPORTS; PROVIDING FOR SPECIAL TAXING

1 AUTHORITY; IN PERSONAL INCOME TAX, FURTHER PROVIDING FOR
2 DEFINITIONS, FOR CLASSES OF INCOME AND FOR TAXABILITY OF
3 PARTNERS; PROVIDING FOR TAX TREATMENT DETERMINED AT
4 PARTNERSHIP LEVEL AND FOR TAX IMPOSED AT PARTNERSHIP LEVEL;
5 FURTHER PROVIDING FOR INCOME OF A PENNSYLVANIA S CORPORATION,
6 FOR INCOME TAXES IMPOSED BY OTHER STATES AND FOR OPERATIONAL
7 PROVISIONS; PROVIDING FOR CONTRIBUTIONS FOR THE CHILDREN'S
8 TRUST FUND AND FOR CONTRIBUTIONS FOR AMERICAN RED CROSS;
9 FURTHER PROVIDING FOR GENERAL RULE, FOR RETURN OF
10 PENNSYLVANIA S CORPORATION, FOR REQUIREMENTS CONCERNING
11 RETURNS, NOTICES, RECORDS AND STATEMENTS AND FOR ADDITIONS,
12 PENALTIES AND FEES; PROVIDING FOR CITATION AUTHORITY; IN
13 CORPORATE NET INCOME TAX, FURTHER PROVIDING FOR DEFINITIONS
14 AND FOR REPORTS AND PAYMENT OF TAX; IN CORPORATE STOCK AND
15 FRANCHISE TAX, FURTHER PROVIDING FOR IMPOSITION AND FOR
16 EXPIRATION; IN BANK AND TRUST COMPANY SHARES TAX, FURTHER
17 PROVIDING FOR IMPOSITION OF TAX, ASCERTAINMENT OF TAXABLE
18 AMOUNT AND EXCLUSION OF UNITED STATES OBLIGATIONS, FOR
19 APPORTIONMENT AND FOR DEFINITIONS; IN REALTY TRANSFER TAX,
20 FURTHER PROVIDING FOR DEFINITIONS, FOR EXCLUDED TRANSACTIONS,
21 FOR IMPOSITION OF TAX AND FOR ACQUIRED COMPANY; PROVIDING FOR
22 NONLICENSED CORPORATION PARI-MUTUEL WAGERING TAX; IN FILM
23 PRODUCTION TAX CREDIT, FURTHER PROVIDING FOR DEFINITIONS, AND
24 FOR CREDIT FOR QUALIFIED FILM PRODUCTION EXPENSES; IN
25 EDUCATIONAL OPPORTUNITY SCHOLARSHIP TAX CREDIT, FURTHER
26 PROVIDING FOR SCHOLARSHIPS; REPEALING PROVISIONS RELATING TO
27 COAL WASTE REMOVAL AND ULTRACLEAN FUELS TAX CREDIT; MAKING AN
28 EDITORIAL CHANGE; IN JOB CREATION TAX CREDIT, FURTHER
29 PROVIDING FOR TAX CREDITS; PROVIDING FOR CITY REVITALIZATION
30 AND IMPROVEMENT ZONES, FOR MOBILE TELECOMMUNICATIONS
31 BROADBAND INVESTMENT TAX CREDIT, FOR THE INNOVATE IN PA
32 PROGRAM, FOR NEIGHBORHOOD IMPROVEMENT ZONES AND FOR KEYSTONE
33 SPECIAL DEVELOPMENT ZONE PROGRAM; IN INHERITANCE TAX, FURTHER
34 PROVIDING FOR TRANSFERS NOT SUBJECT TO TAX AND FOR EXEMPTION
35 FOR POVERTY; IN INHERITANCE TAX, FURTHER PROVIDING FOR
36 LIABILITIES AND FOR DEDUCTIONS NOT ALLOWED; IN PROCEDURE AND
37 ADMINISTRATION, FURTHER PROVIDING FOR DEFINITIONS AND FOR
38 PETITION FOR REASSESSMENT; PROVIDING FOR THE BOARD OF FINANCE
39 AND REVENUE; FURTHER PROVIDING FOR REVIEW BY THE BOARD OF
40 FINANCE AND REVENUE; PROVIDING FOR A REPORT CONCERNING THE
41 SIGNIFICANT CHANGES IN THE STRUCTURE AND REGULATORY
42 ENVIRONMENT WITHIN THE BANKING INDUSTRY; AND MAKING RELATED
43 REPEALS.

44 The General Assembly of the Commonwealth of Pennsylvania
45 hereby enacts as follows:

46 ~~Section 1. Section 1101 C of the act of March 4, 1971~~ <--
47 ~~(P.L.6, No.2), known as the Tax Reform Code of 1971, is amended~~
48 ~~by adding definitions to read:~~

49 ~~Section 1101 C. Definitions. The following words when used~~
50 ~~in this article shall have the meanings ascribed to them in this~~
51 ~~section:~~

1 * * *

2 ~~"Volunteer emergency medical services agency." The term~~
3 ~~shall have the same meaning as given to the term "volunteer~~
4 ~~ambulance service" in 35 Pa.C.S. § 7802 (relating to~~
5 ~~definitions).~~

6 ~~"Volunteer fire company." As defined in 35 Pa.C.S. § 7802~~
7 ~~(relating to definitions).~~

8 ~~"Volunteer rescue company." As defined in 35 Pa.C.S. § 7802~~
9 ~~(relating to definitions).~~

10 Section 2. ~~Section 1102 C.3 of the act is amended by adding~~
11 ~~a clause to read:~~

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

14 * * *

15 ~~(23) A transfer of real estate:~~

16 ~~(i) for no or nominal consideration from the Commonwealth or~~
17 ~~any of its instrumentalities, agencies or political subdivisions~~
18 ~~to a volunteer emergency medical services agency, volunteer fire~~
19 ~~company or volunteer rescue company; or~~

20 ~~(ii) between two or more volunteer emergency medical~~
21 ~~services agencies, volunteer fire companies or volunteer rescue~~
22 ~~companies.~~

23 Section 3. ~~The addition of section 1102 C.3(23) of the act~~
24 ~~shall apply to transactions occurring on or after the effective <--~~
25 ~~date of this section NOVEMBER 1, 2011. <--~~

26 Section 4. ~~This act shall take effect immediately.~~

27 SECTION 1. SECTION 201(DDD) OF THE ACT OF MARCH 4, 1971 <--
28 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, ADDED
29 DECEMBER 23, 2003 (P.L.250, NO.46), IS AMENDED TO READ:

30 SECTION 201. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND

1 PHRASES WHEN USED IN THIS ARTICLE II SHALL HAVE THE MEANING
2 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
3 CLEARLY INDICATES A DIFFERENT MEANING:

4 * * *

5 [(DDD) "CALL CENTER." THE PHYSICAL LOCATION IN THIS
6 COMMONWEALTH:

7 (1) WHERE AT LEAST ONE HUNDRED AND FIFTY EMPLOYES ARE
8 EMPLOYED TO INITIATE OR ANSWER TELEPHONE CALLS;

9 (2) WHERE THERE ARE AT LEAST TWO HUNDRED TELEPHONE LINES;
10 AND

11 (3) WHICH UTILIZES AN AUTOMATED CALL DISTRIBUTION SYSTEM FOR
12 CUSTOMER TELEPHONE CALLS IN ONE OR MORE OF THE FOLLOWING
13 ACTIVITIES:

14 (A) CUSTOMER SERVICE AND SUPPORT;

15 (B) TECHNICAL ASSISTANCE;

16 (C) HELP DESK SERVICE;

17 (D) PROVIDING INFORMATION;

18 (E) CONDUCTING SURVEYS;

19 (F) REVENUE COLLECTIONS; OR

20 (G) RECEIVING ORDERS OR RESERVATIONS.

21 FOR PURPOSES OF THIS CLAUSE, A PHYSICAL LOCATION MAY INCLUDE
22 MULTIPLE BUILDINGS UTILIZED BY A TAXPAYER LOCATED WITHIN THIS
23 COMMONWEALTH.]

24 SECTION 2. SECTION 204 OF THE ACT IS AMENDED BY ADDING A
25 CLAUSE TO READ:

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

28 * * *

29 (69) THE SALE AT RETAIL OR USE OF AIRCRAFT PARTS, SERVICES
30 TO AIRCRAFT AND AIRCRAFT COMPONENTS. FOR PURPOSES OF THIS

1 CLAUSE, THE TERM "AIRCRAFT" SHALL INCLUDE A FIXED-WING AIRCRAFT,
2 POWERED AIRCRAFT, TILT-ROTOR OR TILT-WING AIRCRAFT, GLIDER OR
3 UNMANNED AIRCRAFT.

4 SECTION 3. SECTIONS 206 AND 208 OF THE ACT, AMENDED DECEMBER
5 23, 2003 (P.L.250, NO.46), ARE AMENDED TO READ:

6 SECTION 206. CREDIT AGAINST TAX.--(A) A CREDIT AGAINST THE
7 TAX IMPOSED BY SECTION 202 SHALL BE GRANTED WITH RESPECT TO
8 TANGIBLE PERSONAL PROPERTY OR SERVICES PURCHASED FOR USE OUTSIDE
9 THE COMMONWEALTH EQUAL TO THE TAX PAID TO ANOTHER STATE BY
10 REASON OF THE IMPOSITION BY SUCH OTHER STATE OF A TAX SIMILAR TO
11 THE TAX IMPOSED BY THIS ARTICLE: PROVIDED, HOWEVER, THAT NO SUCH
12 CREDIT SHALL BE GRANTED UNLESS SUCH OTHER STATE GRANTS
13 SUBSTANTIALLY SIMILAR TAX RELIEF BY REASON OF THE PAYMENT OF TAX
14 UNDER THIS ARTICLE OR UNDER THE TAX ACT OF 1963 FOR EDUCATION.

15 [(B) A CREDIT AGAINST THE TAX IMPOSED BY SECTION 202 ON
16 TELECOMMUNICATIONS SERVICES SHALL BE GRANTED TO A CALL CENTER
17 FOR GROSS RECEIPTS TAX PAID BY A TELEPHONE COMPANY ON THE
18 RECEIPTS DERIVED FROM THE SALE OF INCOMING AND OUTGOING
19 INTERSTATE TELECOMMUNICATIONS SERVICES TO THE CALL CENTER UNDER
20 SECTION 1101(A)(2). THE FOLLOWING APPLY:

21 (1) A TELEPHONE COMPANY, UPON REQUEST, SHALL NOTIFY A CALL
22 CENTER OF THE AMOUNT OF GROSS RECEIPTS TAX PAID BY THE TELEPHONE
23 COMPANY ON THE RECEIPTS DERIVED FROM THE SALE OF INCOMING AND
24 OUTGOING INTERSTATE TELECOMMUNICATIONS SERVICES TO THE CALL
25 CENTER.

26 (2) A CALL CENTER THAT IS ELIGIBLE FOR THE CREDIT IN THIS
27 SUBSECTION MAY APPLY FOR A TAX CREDIT AS SET FORTH IN THIS
28 SUBSECTION.

29 (3) BY FEBRUARY 15, A TAXPAYER MUST SUBMIT AN APPLICATION TO
30 THE DEPARTMENT FOR GROSS RECEIPTS TAX PAID ON THE RECEIPTS

1 DERIVED FROM THE SALE OF INCOMING AND OUTGOING INTERSTATE
2 TELECOMMUNICATIONS SERVICES INCURRED IN THE PRIOR CALENDAR YEAR.

3 (4) BY APRIL 15 OF THE CALENDAR YEAR FOLLOWING THE CLOSE OF
4 THE CALENDAR YEAR DURING WHICH THE GROSS RECEIPTS TAX WAS
5 INCURRED, THE DEPARTMENT SHALL NOTIFY THE APPLICANT OF THE
6 AMOUNT OF THE APPLICANT'S TAX CREDIT APPROVED BY THE DEPARTMENT.

7 (5) THE TOTAL AMOUNT OF TAX CREDITS PROVIDED FOR IN THIS
8 SUBSECTION AND APPROVED BY THE DEPARTMENT SHALL NOT EXCEED
9 THIRTY MILLION DOLLARS (\$30,000,000) IN ANY FISCAL YEAR. IF THE
10 TOTAL AMOUNT OF TAX CREDITS APPLIED FOR BY ALL APPLICANTS
11 EXCEEDS THE AMOUNT ALLOCATED FOR THOSE CREDITS, THEN THE CREDIT
12 TO BE RECEIVED BY EACH APPLICANT SHALL BE DETERMINED AS FOLLOWS:

13 (I) DIVIDE:

14 (A) THE TAX CREDIT APPLIED FOR BY THE APPLICANT; BY

15 (B) THE TOTAL OF ALL TAX CREDITS APPLIED FOR BY ALL
16 APPLICANTS.

17 (II) MULTIPLY:

18 (A) THE QUOTIENT UNDER SUBPARAGRAPH (I); BY

19 (B) THE AMOUNT ALLOCATED FOR ALL TAX CREDITS.]

20 SECTION 208. LICENSES.--(A) EVERY PERSON MAINTAINING A
21 PLACE OF BUSINESS IN THIS COMMONWEALTH, SELLING OR LEASING
22 SERVICES OR TANGIBLE PERSONAL PROPERTY, THE SALE OR USE OF WHICH
23 IS SUBJECT TO TAX AND WHO HAS NOT HITHERTO OBTAINED A LICENSE
24 FROM THE DEPARTMENT, SHALL, PRIOR TO THE BEGINNING OF BUSINESS
25 THEREAFTER, MAKE APPLICATION TO THE DEPARTMENT, ON A FORM
26 PRESCRIBED BY THE DEPARTMENT, FOR A LICENSE. IF SUCH PERSON
27 MAINTAINS MORE THAN ONE PLACE OF BUSINESS IN THIS COMMONWEALTH,
28 THE LICENSE SHALL BE ISSUED FOR THE PRINCIPAL PLACE OF BUSINESS
29 IN THIS COMMONWEALTH.

30 (B) THE DEPARTMENT SHALL, AFTER THE RECEIPT OF AN

1 APPLICATION, ISSUE THE LICENSE APPLIED FOR UNDER SUBSECTION (A)
2 OF THIS SECTION, PROVIDED SAID APPLICANT SHALL HAVE FILED ALL
3 REQUIRED STATE TAX REPORTS AND PAID ANY STATE TAXES NOT SUBJECT
4 TO A TIMELY PERFECTED ADMINISTRATIVE OR JUDICIAL APPEAL OR
5 SUBJECT TO A DULY AUTHORIZED DEFERRED PAYMENT PLAN. SUCH LICENSE
6 SHALL BE NONASSIGNABLE. ALL LICENSEES AS OF THE EFFECTIVE DATE
7 OF THIS SUBSECTION SHALL BE REQUIRED TO FILE FOR RENEWAL OF SAID
8 LICENSE ON OR BEFORE JANUARY 31, 1992. LICENSES ISSUED THROUGH
9 APRIL 30, 1992, SHALL BE BASED ON A STAGGERED RENEWAL SYSTEM
10 ESTABLISHED BY THE DEPARTMENT. THEREAFTER, ANY LICENSE ISSUED
11 SHALL BE VALID FOR A PERIOD OF FIVE YEARS.

12 (B.1) IF AN APPLICANT FOR A LICENSE OR ANY PERSON HOLDING A
13 LICENSE HAS NOT FILED ALL REQUIRED STATE TAX REPORTS AND PAID
14 ANY STATE TAXES NOT SUBJECT TO A TIMELY PERFECTED ADMINISTRATIVE
15 OR JUDICIAL APPEAL OR SUBJECT TO A DULY AUTHORIZED DEFERRED
16 PAYMENT PLAN, THE DEPARTMENT MAY REFUSE TO ISSUE, MAY SUSPEND OR
17 MAY REVOKE SAID LICENSE. THE DEPARTMENT SHALL NOTIFY THE
18 APPLICANT OR LICENSEE OF ANY REFUSAL, SUSPENSION OR REVOCATION.
19 SUCH NOTICE SHALL CONTAIN A STATEMENT THAT THE REFUSAL,
20 SUSPENSION OR REVOCATION MAY BE MADE PUBLIC. SUCH NOTICE SHALL
21 BE MADE BY FIRST CLASS MAIL. AN APPLICANT OR LICENSEE AGGRIEVED
22 BY THE DETERMINATION OF THE DEPARTMENT MAY FILE AN APPEAL
23 PURSUANT TO THE PROVISIONS FOR ADMINISTRATIVE APPEALS IN THIS
24 ARTICLE, EXCEPT THAT THE APPEAL MUST BE FILED WITHIN THIRTY (30)
25 DAYS OF THE DATE OF THE NOTICE. IN THE CASE OF A SUSPENSION OR
26 REVOCATION WHICH IS APPEALED, THE LICENSE SHALL REMAIN VALID
27 PENDING A FINAL OUTCOME OF THE APPEALS PROCESS. NOTWITHSTANDING
28 SECTIONS 274, 353(F), 408(B), 603, 702, 802, 904 AND 1102 OF THE
29 ACT OR ANY OTHER PROVISION OF LAW TO THE CONTRARY, IF NO APPEAL
30 IS TAKEN OR IF AN APPEAL IS TAKEN AND DENIED AT THE CONCLUSION

1 OF THE APPEAL PROCESS, THE DEPARTMENT MAY DISCLOSE, BY
2 PUBLICATION OR OTHERWISE, THE IDENTITY OF A PERSON AND THE FACT
3 THAT THE PERSON'S LICENSE HAS BEEN REFUSED, SUSPENDED OR REVOKED
4 UNDER THIS SUBSECTION. DISCLOSURE MAY INCLUDE THE BASIS FOR
5 REFUSAL, SUSPENSION OR REVOCATION.

6 (C) A PERSON THAT MAINTAINS A PLACE OF BUSINESS IN THIS
7 COMMONWEALTH FOR THE PURPOSE OF SELLING OR LEASING SERVICES OR
8 TANGIBLE PERSONAL PROPERTY, THE SALE OR USE OF WHICH IS SUBJECT
9 TO TAX, WITHOUT HAVING [FIRST BEEN LICENSED BY THE DEPARTMENT] A
10 VALID LICENSE AT THE TIME OF THE SALE OR LEASE SHALL BE GUILTY
11 OF A SUMMARY OFFENSE AND, UPON CONVICTION THEREOF, BE SENTENCED
12 TO PAY A FINE OF NOT LESS THAN THREE HUNDRED DOLLARS (\$300) NOR
13 MORE THAN ONE THOUSAND FIVE HUNDRED (\$1,500) AND, IN DEFAULT
14 THEREOF, TO UNDERGO IMPRISONMENT OF NOT LESS THAN FIVE DAYS NOR
15 MORE THAN THIRTY DAYS. THE PENALTIES IMPOSED BY THIS SUBSECTION
16 SHALL BE IN ADDITION TO ANY OTHER PENALTIES IMPOSED BY THIS
17 ARTICLE. FOR PURPOSES OF THIS SUBSECTION, THE OFFERING FOR SALE
18 OR LEASE OF ANY SERVICE OR TANGIBLE PERSONAL PROPERTY, THE SALE
19 OR USE OF WHICH IS SUBJECT TO TAX, DURING ANY CALENDAR DAY SHALL
20 CONSTITUTE A SEPARATE VIOLATION. THE SECRETARY OF REVENUE MAY
21 DESIGNATE EMPLOYEES OF THE DEPARTMENT TO ENFORCE THE PROVISIONS
22 OF THIS SUBSECTION. THE EMPLOYEES SHALL EXHIBIT PROOF OF AND BE
23 WITHIN THE SCOPE OF THE DESIGNATION WHEN INSTITUTING PROCEEDINGS
24 AS PROVIDED BY THE PENNSYLVANIA RULES OF CRIMINAL PROCEDURE.

25 (D) FAILURE OF ANY PERSON TO OBTAIN A LICENSE SHALL NOT
26 RELIEVE THAT PERSON OF LIABILITY TO PAY THE TAX IMPOSED BY THIS
27 ARTICLE.

28 SECTION 4. SECTION 226 OF THE ACT IS REPEALED:

29 [SECTION 226. LOCAL RECEIVERS OF USE TAX.--BEGINNING ON AND
30 AFTER THE EFFECTIVE DATE OF THIS ARTICLE, IN EVERY COUNTY,

1 EXCEPT IN COUNTIES OF THE FIRST CLASS, THE COUNTY TREASURER IS
2 HEREBY AUTHORIZED TO RECEIVE USE TAX DUE AND PAYABLE UNDER THE
3 PROVISIONS OF THIS ARTICLE FROM ANY PERSON OTHER THAN A
4 LICENSEE. THE RECEIVING OF SUCH TAXES SHALL BE PURSUANT TO RULES
5 AND REGULATIONS PROMULGATED BY THE DEPARTMENT AND UPON FORMS
6 FURNISHED BY THE DEPARTMENT. EACH COUNTY TREASURER SHALL REMIT
7 TO THE DEPARTMENT ALL USE TAXES RECEIVED UNDER THE AUTHORITY OF
8 THIS SECTION MINUS THE COSTS OF ADMINISTERING THIS PROVISION NOT
9 TO EXCEED ONE PER CENT OF THE AMOUNT OF USE TAXES RECEIVED,
10 WHICH AMOUNT SHALL BE RETAINED IN LIEU OF ANY COMMISSION
11 OTHERWISE ALLOWABLE BY LAW FOR THE COLLECTION OF SUCH TAX.]

12 SECTION 5. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

13 SECTION 278. REMOTE SALES REPORTS.-- (A) WITHIN 90 DAYS OF
14 THE PUBLICATION OF THE NOTICE UNDER SUBSECTION (B), THE
15 INDEPENDENT FISCAL OFFICE, IN CONJUNCTION WITH THE DEPARTMENT OF
16 REVENUE, SHALL SUBMIT A DETAILED REPORT TO THE CHAIRMAN AND
17 MINORITY CHAIRMAN OF THE APPROPRIATIONS COMMITTEE OF THE SENATE,
18 THE CHAIRMAN AND MINORITY CHAIRMAN OF THE FINANCE COMMITTEE OF
19 THE SENATE, THE CHAIRMAN AND MINORITY CHAIRMAN OF THE
20 APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES AND THE
21 CHAIRMAN AND MINORITY CHAIRMAN OF THE FINANCE COMMITTEE OF THE
22 HOUSE OF REPRESENTATIVES OUTLINING THE PLANS CONCERNING THE
23 IMPLEMENTATION OF THE LEGISLATION REFERENCED IN SUBSECTION (B)
24 OR OTHER SUBSTANTIALLY SIMILAR FEDERAL LEGISLATION, WHICH WOULD
25 GRANT THE COMMONWEALTH THE AUTHORITY TO IMPOSE AND COLLECT THE
26 TAX UNDER THIS ARTICLE DUE ON SALES FROM REMOTE SELLERS. THE
27 REPORT SHALL INCLUDE ALL OF THE FOLLOWING:

28 (1) THE AMOUNT OF STATE FUNDS NECESSARY TO IMPLEMENT THE
29 LEGISLATION REFERENCED IN SUBSECTION (B) OR OTHER SUBSTANTIALLY
30 SIMILAR LEGISLATION. THE AMOUNT NEEDED SHALL BE ITEMIZED, AND

1 ALL COSTS, INCLUDING PERSONNEL, OFFICE EXPENSES AND OTHER
2 RELATED COSTS, SHALL BE INCLUDED.

3 (2) THE AMOUNT OF STATE TAX REVENUE EXPECTED TO RESULT FROM
4 THE IMPLEMENTATION OF THE LEGISLATION REFERENCED IN SUBSECTION
5 (B) OR OTHER SUBSTANTIALLY SIMILAR LEGISLATION FOR THE FISCAL
6 YEAR AND FOR FIVE FISCAL YEARS THEREAFTER.

7 (3) THE SOURCE OF FUNDS WHICH WILL BE UTILIZED TO PAY FOR
8 THE LEGISLATION REFERENCED IN SUBSECTION (B) OR OTHER
9 SUBSTANTIALLY SIMILAR LEGISLATION IMPLEMENTATION PROGRAM.

10 (4) THE LEGAL AND PRACTICAL ISSUES CONCERNING THE PROPRIETY
11 OF COLLECTING AND ENFORCING THE TAX IMPOSED UNDER THIS ARTICLE
12 FROM REMOTE SELLERS.

13 (5) THE NUMBER OF OTHER STATES WHICH HAVE A SIMILAR LAW IN
14 EFFECT AND THE SUCCESS OR DEFICIENCIES OF THE LAW.

15 (6) PROPOSED DRAFT LEGISLATION CONCERNING THE IMPLEMENTATION
16 OF THE LEGISLATION REFERENCED IN SUBSECTION (B) OR OTHER
17 SUBSTANTIALLY SIMILAR LEGISLATION.

18 (7) A DETAILED TIMETABLE ON WHEN SEPARATE TASKS MUST BE
19 COMPLETED FOR FULL IMPLEMENTATION ON AN ESTIMATED START DATE.

20 (B) THE SECRETARY OF REVENUE SHALL PUBLISH NOTICE IN THE
21 PENNSYLVANIA BULLETIN THAT FEDERAL LEGISLATION RELATING TO
22 REMOTE SELLERS HAS BEEN ENACTED.

23 SECTION 6. SECTION 301(T) OF THE ACT, ADDED AUGUST 31, 1971
24 (P.L.362, NO.93), IS AMENDED AND THE SECTION IS AMENDED BY
25 ADDING SUBSECTIONS TO READ:

26 SECTION 301. DEFINITIONS.--ANY REFERENCE IN THIS ARTICLE TO
27 THE INTERNAL REVENUE CODE OF 1986 SHALL MEAN THE INTERNAL
28 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.),
29 AS AMENDED TO JANUARY 1, 1997, UNLESS THE REFERENCE CONTAINS THE
30 PHRASE "AS AMENDED" AND REFERS TO NO OTHER DATE, IN WHICH CASE

1 THE REFERENCE SHALL BE TO THE INTERNAL REVENUE CODE OF 1986 AS
2 IT EXISTS AS OF THE TIME OF APPLICATION OF THIS ARTICLE. THE
3 FOLLOWING WORDS, TERMS AND PHRASES WHEN USED IN THIS ARTICLE
4 SHALL HAVE THE MEANING ASCRIBED TO THEM IN THIS SECTION EXCEPT
5 WHERE THE CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

6 * * *

7 (D.2) "CORPORATE ITEM" MEANS AN ITEM, INCLUDING INCOME, GAIN
8 OR LOSS, DEDUCTION OR CREDIT DETERMINED AT THE PENNSYLVANIA S
9 CORPORATION LEVEL, WHICH IS REQUIRED TO BE TAKEN INTO ACCOUNT
10 FOR A PENNSYLVANIA S CORPORATION'S TAXABLE YEAR.

11 * * *

12 (N.2) "PARTNERSHIP ITEM" MEANS AN ITEM, INCLUDING INCOME,
13 GAIN OR LOSS, DEDUCTION OR CREDIT DETERMINED AT THE PARTNERSHIP
14 LEVEL, WHICH IS REQUIRED TO BE TAKEN INTO ACCOUNT FOR A
15 PARTNERSHIP'S TAXABLE YEAR.

16 * * *

17 (O.4) "PUBLICLY TRADED PARTNERSHIP" MEANS AN ENTITY DEFINED
18 UNDER SECTION 7704 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC
19 LAW 99-514, 26 U.S.C. § 7704) WITH EQUITY SECURITIES REGISTERED
20 WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER SECTION 12 OF
21 THE SECURITIES EXCHANGE ACT OF 1934 (48 STAT. 881, 15 U.S.C. §
22 78A).

23 * * *

24 (T) "STATE" MEANS, EXCEPT AS PROVIDED UNDER SECTION 314(A),
25 ANY STATE OR COMMONWEALTH OF THE UNITED STATES, THE DISTRICT OF
26 COLUMBIA, THE COMMONWEALTH OF PUERTO RICO, ANY TERRITORY OR
27 POSSESSION OF THE UNITED STATES AND ANY FOREIGN COUNTRY.

28 * * *

29 SECTION 6.1. THE ACT IS AMENDED BY ADDING AN ARTICLE TO
30 READ:

1 ARTICLE II-B

2 SPECIAL TAXING AUTHORITY

3 SECTION 201-B. SPECIAL TAXING AUTHORITY.

4 (A) IMPOSITION OF TAX.--

5 (1) A CITY OF THE FIRST CLASS MAY ELECT TO IMPOSE A TAX
6 ON THE SALE AT RETAIL OF TANGIBLE PERSONAL PROPERTY OR
7 SERVICES OR USE OF TANGIBLE PERSONAL PROPERTY OR SERVICES
8 PURCHASED AT RETAIL, AS THOSE TERMS ARE DEFINED IN SECTION
9 201.

10 (2) THE TAX IMPOSED UNDER THIS SECTION SHALL BE IN
11 ADDITION TO THE TAX AUTHORIZED UNDER SECTION 503(A) AND (B)
12 OF THE ACT OF JUNE 5, 1991 (P.L. 9, NO. 6), KNOWN AS THE
13 PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ACT FOR
14 CITIES OF THE FIRST CLASS.

15 (3) THE TAX AUTHORIZED UNDER THIS SUBSECTION SHALL NOT
16 BE LEVIED, ASSESSED AND COLLECTED UPON THE OCCUPANCY OF A
17 ROOM IN A HOTEL IN THE CITY OF THE FIRST CLASS.

18 (4) A TAX IMPOSED UNDER THIS SUBSECTION ON SALES OR USES
19 SHALL BE PAID TO AND RECEIVED BY THE DEPARTMENT OF REVENUE
20 AND, ALONG WITH INTEREST AND PENALTIES, LESS ANY REFUNDS AND
21 CREDITS PAID, SHALL BE CREDITED TO THE LOCAL SALES AND USE
22 TAX FUND CREATED UNDER THE PENNSYLVANIA INTERGOVERNMENTAL
23 COOPERATION AUTHORITY ACT FOR CITIES OF THE FIRST CLASS.
24 MONEY IN THE FUND SHALL BE DISBURSED AS PROVIDED IN SECTION
25 509 OF THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION
26 AUTHORITY ACT FOR CITIES OF THE FIRST CLASS.

27 (B) RATE.--THE TAX AUTHORIZED UNDER SUBSECTION (A) SHALL BE
28 IMPOSED AND COLLECTED AT THE RATE OF 1% AND SHALL BE COMPUTED AS
29 SET FORTH IN SECTION 503(E) (2) OF THE PENNSYLVANIA
30 INTERGOVERNMENTAL COOPERATION AUTHORITY ACT FOR CITIES OF THE

1 FIRST CLASS.

2 (C) COLLECTION.--THE TAX AUTHORIZED UNDER SUBSECTION (A)
3 SHALL BE ADMINISTERED, COLLECTED, DEPOSITED AND DISBURSED IN THE
4 SAME MANNER AS THE TAX IMPOSED UNDER CHAPTER 5 OF THE
5 PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ACT FOR
6 CITIES OF THE FIRST CLASS AND THE SITUS OF THE TAX SHALL BE
7 DETERMINED IN ACCORDANCE WITH THE PENNSYLVANIA INTERGOVERNMENTAL
8 COOPERATION AUTHORITY ACT AND ARTICLE II-A. THE DEPARTMENT OF
9 REVENUE SHALL USE THE MONEY RECEIVED FROM THE TAX AUTHORIZED
10 UNDER CHAPTER 5 OF THE PENNSYLVANIA INTERGOVERNMENTAL
11 COOPERATION AUTHORITY ACT FOR CITIES OF THE FIRST CLASS TO COVER
12 COSTS FOR THE ADMINISTRATION OF THE TAX AUTHORIZED UNDER
13 SUBSECTION (A). THE DEPARTMENT OF REVENUE SHALL NOT RETAIN ANY
14 ADDITIONAL AMOUNTS FOR THE COST OF COLLECTING THE TAX AUTHORIZED
15 UNDER SUBSECTION (A). NO ADDITIONAL FEE SHALL BE CHARGED FOR A
16 LICENSE OR LICENSE RENEWAL OTHER THAN THE LICENSE OR RENEWAL FEE
17 AUTHORIZED AND IMPOSED UNDER ARTICLE II.

18 (D) MUNICIPAL ACTION.--IN ORDER TO IMPOSE THE TAX, THE
19 GOVERNING BODY OF THE CITY SHALL ADOPT AN ORDINANCE STATING THE
20 TAX RATE. THE ORDINANCE MAY BE ADOPTED PRIOR TO THE EFFECTIVE
21 DATE OF THIS SUBSECTION. THE ORDINANCE SHALL TAKE EFFECT NO
22 EARLIER THAN 20 DAYS AFTER THE ADOPTION OF THE ORDINANCE OR 20
23 DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION, WHICHEVER IS
24 LATER. A CERTIFIED COPY OF THE CITY ORDINANCE SHALL BE DELIVERED
25 TO THE DEPARTMENT OF REVENUE WITHIN TEN DAYS PRIOR TO OR AFTER
26 THE EFFECTIVE DATE OF THE ORDINANCE. A CERTIFIED COPY OF AN
27 ORDINANCE TO REPEAL THE TAX AUTHORIZED UNDER SUBSECTION (A)
28 SHALL BE DELIVERED TO THE DEPARTMENT OF REVENUE AT LEAST 30 DAYS
29 PRIOR TO THE EFFECTIVE DATE OF REPEAL.

30 (E) USE OF TAX RECEIPTS.--

1 (1) MONEY RECEIVED BY THE CITY FROM THE LEVY, ASSESSMENT
2 AND COLLECTION OF THE TAX AUTHORIZED UNDER SUBSECTION (A) MAY
3 ONLY BE PAID TO A SCHOOL DISTRICT OF THE FIRST CLASS IN AN
4 AMOUNT OF UP TO \$120,000,000 IF THE SECRETARY OF EDUCATION
5 HAS MADE A DETERMINATION, IN THE FORM OF AN ANNUAL
6 CERTIFICATION PUBLISHED IN THE PENNSYLVANIA BULLETIN, THAT
7 THE SCHOOL DISTRICT OF THE FIRST CLASS HAS, IN THE JUDGMENT
8 OF THE SECRETARY OF EDUCATION, BEGAN IMPLEMENTATION OF
9 REFORMS THAT PROVIDE FOR FISCAL STABILITY, EDUCATIONAL
10 IMPROVEMENT AND OPERATIONAL CONTROL.

11 (2) IF THE SECRETARY OF EDUCATION DETERMINES THAT THE
12 SCHOOL DISTRICT OF THE FIRST CLASS IS IMPLEMENTING THE
13 PROVISIONS OUTLINED IN PARAGRAPH (1), THE SECRETARY OF
14 EDUCATION SHALL:

15 (I) DELIVER WRITTEN CERTIFICATION OF THE
16 DETERMINATION TO THE MAJORITY AND MINORITY CHAIRPERSONS
17 OF THE APPROPRIATIONS COMMITTEES OF THE SENATE AND THE
18 HOUSE OF REPRESENTATIVES, THE MAJORITY AND MINORITY
19 CHAIRPERSONS OF THE EDUCATION COMMITTEES OF THE SENATE
20 AND THE HOUSE OF REPRESENTATIVES, THE CHIEF EXECUTIVE OF
21 THE SCHOOL DISTRICT OF THE FIRST CLASS AND THE SECRETARY
22 OF THE DEPARTMENT OF REVENUE.

23 (II) UPON RECEIPT OF THE CERTIFICATION FROM THE
24 SECRETARY OF EDUCATION, THE SECRETARY OF THE DEPARTMENT
25 OF REVENUE SHALL DIRECT THE STATE TREASURER TO DISBURSE,
26 ON OR BEFORE THE 10TH DAY OF EVERY MONTH, TO THE SCHOOL
27 DISTRICT OF THE FIRST CLASS THE TOTAL AMOUNT OF MONEY
28 WHICH IS, AS OF THE LAST DAY OF THE PREVIOUS MONTH,
29 CONTAINED IN THE LOCAL SALES AND USE TAX FUND.

30 (III) IF THE SECRETARY OF EDUCATION DOES NOT ISSUE A

1 WRITTEN CERTIFICATION ON OR BEFORE DECEMBER 31 OF EACH
2 YEAR ALL MONEY CONTAINED IN THE LOCAL SALES AND USE TAX
3 FUND SHALL BE PAID TO A CITY OF THE FIRST CLASS.

4 (F) REMAINING MONEY.--ANY REMAINING MONEY ABOVE \$120,000,000
5 PAID TO A SCHOOL DISTRICT OF THE FIRST CLASS PURSUANT TO THIS
6 SECTION SHALL BE PAID TO A CITY OF THE FIRST CLASS AS FOLLOWS:

7 (1) FOR FISCAL YEARS 2014-2015, 2015-2016, 2016-2017 AND
8 2017-2018, THE FIRST \$15,000,000 IN EACH OF THOSE FISCAL
9 YEARS MAY BE RETAINED FOR THE PAYMENT OF DEBT SERVICE
10 INCURRED BY THE CITY FOR THE BENEFIT OF A SCHOOL DISTRICT OF
11 THE FIRST CLASS; AND

12 (2) THE REMAINING MONEY SHALL BE PAID TO A CITY OF THE
13 FIRST CLASS IN ACCORDANCE WITH THE ACT OF DECEMBER 18, 1984
14 (P.L.1005, NO.205), KNOWN AS THE MUNICIPAL PENSION PLAN
15 FUNDING STANDARD AND RECOVERY ACT.

16 SECTION 7. SECTION 303(A)(2) OF THE ACT, ADDED AUGUST 31,
17 1971 (P.L.362, NO.93), IS AMENDED AND THE SECTION IS AMENDED BY
18 ADDING A SUBSECTION TO READ:

19 SECTION 303. CLASSES OF INCOME.--(A) THE CLASSES OF INCOME
20 REFERRED TO ABOVE ARE AS FOLLOWS:

21 * * *

22 (2) NET PROFITS. THE NET INCOME FROM THE OPERATION OF A
23 BUSINESS, PROFESSION, OR OTHER ACTIVITY, AFTER PROVISION FOR ALL
24 COSTS AND EXPENSES INCURRED IN THE CONDUCT THEREOF, DETERMINED
25 EITHER ON A CASH OR ACCRUAL BASIS IN ACCORDANCE WITH ACCEPTED
26 ACCOUNTING PRINCIPLES AND PRACTICES BUT WITHOUT DEDUCTION OF
27 TAXES BASED ON INCOME. FOR PURPOSES OF CALCULATING NET INCOME
28 UNDER THIS PARAGRAPH, TO THE EXTENT A TAXPAYER PROPERLY DEDUCTS
29 AN AMOUNT UNDER SECTION 195(B)(1)(A) OF THE INTERNAL REVENUE
30 CODE OF 1986 (26 U.S.C. § 195(B)(1)(A)), AS AMENDED, AND THE

1 REGULATIONS PROMULGATED UNDER SECTION 195(B)(1)(A) OF THE
2 INTERNAL REVENUE CODE OF 1986, THE TAXPAYER SHALL BE PERMITTED A
3 DEDUCTION IN EQUAL AMOUNT IN THE SAME TAXABLE YEAR.

4 * * *

5 (A.8) A PERSON WHO INCURS INTANGIBLE DRILLING AND
6 DEVELOPMENT COSTS SHALL CAPITALIZE THE COSTS UNLESS THE TAXPAYER
7 ELECTS TO CURRENTLY EXPENSE THE COSTS FOR FEDERAL INCOME TAX
8 PURPOSES UNDER SECTION 263(C) OF THE INTERNAL REVENUE CODE OF
9 1986, AS AMENDED, AND REGULATIONS THEREUNDER, IS REQUIRED TO
10 CAPITALIZE THE COSTS AND RECOVER THEM OVER A TEN-YEAR PERIOD IN
11 THE TAXABLE YEAR THE COSTS ARE INCURRED; OR A PERSON MAY ELECT
12 TO CURRENTLY EXPENSE UP TO ONE-THIRD OF THE COSTS IN THE TAXABLE
13 YEAR IN WHICH THE COSTS ARE INCURRED AND RECOVER THE REMAINING
14 COSTS OVER A TEN-YEAR PERIOD BEGINNING IN THE TAXABLE YEAR THE
15 COSTS ARE INCURRED.

16 SECTION 8. SECTION 306 OF THE ACT, AMENDED JUNE 22, 2001
17 (P.L.353, NO.23), IS AMENDED TO READ:

18 SECTION 306. TAXABILITY OF PARTNERS.--[A] EXCEPT AS PROVIDED
19 UNDER SECTION 306.2, A PARTNERSHIP AS AN ENTITY SHALL NOT BE
20 SUBJECT TO THE TAX IMPOSED BY THIS ARTICLE, BUT THE INCOME OR
21 GAIN OF A MEMBER OF A PARTNERSHIP IN RESPECT OF SAID PARTNERSHIP
22 SHALL BE SUBJECT TO THE TAX AND THE TAX SHALL BE IMPOSED ON HIS
23 SHARE, WHETHER OR NOT DISTRIBUTED, OF THE INCOME OR GAIN
24 RECEIVED BY THE PARTNERSHIP FOR ITS TAXABLE YEAR ENDING WITHIN
25 OR WITH THE MEMBER'S TAXABLE YEAR.

26 SECTION 9. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:
27 SECTION 306.1. TAX TREATMENT DETERMINED AT PARTNERSHIP
28 LEVEL.--THE CLASSIFICATION OR CHARACTER OF A PARTNERSHIP ITEM
29 SHALL BE DETERMINED AT THE PARTNERSHIP LEVEL. THIS SECTION SHALL
30 NOT PROHIBIT THE DEPARTMENT FROM ADJUSTING A PARTNER'S RETURN.

1 SECTION 306.2. TAX IMPOSED AT PARTNERSHIP LEVEL.--(A) A
2 PARTNERSHIP UNDERREPORTING INCOME BY MORE THAN ONE MILLION
3 DOLLARS (\$1,000,000) FOR ANY TAX YEAR SHALL BE LIABLE FOR THE
4 TAX, EXCLUDING INTEREST, PENALTIES OR ADDITIONS AT THE TAX RATE
5 APPLICABLE TO THE TAX YEAR, ON THE UNDERREPORTED INCOME WITHOUT
6 REGARD TO THE TAX LIABILITY OF THE PARTNERS FOR THE
7 UNDERREPORTED INCOME. THE DEPARTMENT SHALL ASSESS THE
8 PARTNERSHIP FOR THE TAX ON THE UNDERREPORTED INCOME. THE
9 DEPARTMENT SHALL NOT ASSESS THE PARTNERS FOR THE UNDERREPORTED
10 INCOME OR THE TAX THEREON; RATHER, THE PARTNERSHIP SHALL BE
11 REQUIRED TO PROVIDE AN AMENDED STATEMENT TO EACH PARTNER AS
12 REQUIRED UNDER SECTION 335(C) (3) OF THE PARTNER'S PRO RATA SHARE
13 OF THE UNDERREPORTED INCOME WITHIN NINETY DAYS OF THE ASSESSMENT
14 BECOMING FINAL. NOTHING IN THIS SUBSECTION SHALL RELIEVE THE
15 PARTNERS OF THEIR TAX LIABILITY ON THE UNDERREPORTED INCOME.

16 (A.1) EACH PARTNER SHALL BE ALLOWED A CREDIT FOR SUCH
17 PARTNER'S SHARE OF THE TAX ASSESSED AGAINST THE PARTNERSHIP
18 UNDER SUBSECTION (A) AND PAID BY THE PARTNERSHIP. THE CREDIT
19 SHALL BE ALLOWED FOR THE PARTNER'S TAXABLE YEAR IN WHICH THE
20 UNDERREPORTED INCOME WAS REQUIRED TO BE REPORTED.

21 (B) SUBSECTION (A) SHALL APPLY TO THE FOLLOWING
22 PARTNERSHIPS:

23 (1) A PARTNERSHIP WHICH HAS ELEVEN OR MORE PARTNERS WHO ARE
24 NATURAL PERSONS.

25 (2) A PARTNERSHIP WHICH HAS AT LEAST ONE PARTNER WHICH IS A
26 CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP OR TRUST.

27 (3) A PARTNERSHIP WHICH HAS ONLY PARTNERS WHO ARE NATURAL
28 PERSONS AND WHICH ELECTS TO BE SUBJECT TO THIS SUBSECTION. THE
29 ELECTION MUST BE INCLUDED ON THE PARTNERSHIP RETURN TO BE FILED
30 WITH THE DEPARTMENT.

1 (C) THIS SECTION SHALL NOT APPLY TO A PUBLICLY TRADED
2 PARTNERSHIP.

3 (D) NOTHING UNDER THIS SECTION SHALL REQUIRE ONE PARTNER TO
4 BE LIABLE FOR THE PAYMENT OF A TAX LIABILITY OF ANOTHER PARTNER.

5 (E) APPEALS INVOLVING A DEFICIENCY ASSESSED UNDER THIS
6 SECTION MAY ONLY BE PURSUED BY THE PARTNERSHIP AND A
7 REASSESSMENT OF TAX LIABILITY SHALL BE BINDING ON THE PARTNERS.

8 SECTION 10. SECTION 307.8(A) OF THE ACT, AMENDED MAY 7, 1997
9 (P.L.85, NO.7), IS AMENDED AND THE SECTION IS AMENDED BY ADDING
10 A SUBSECTION TO READ:

11 SECTION 307.8. INCOME OF A PENNSYLVANIA S CORPORATION.--(A)
12 A PENNSYLVANIA S CORPORATION SHALL NOT BE SUBJECT TO THE TAX
13 IMPOSED BY THIS ARTICLE, EXCEPT AS PROVIDED UNDER SUBSECTION
14 (F), BUT THE SHAREHOLDERS OF THE PENNSYLVANIA S CORPORATION
15 SHALL BE SUBJECT TO THE TAX IMPOSED UNDER THIS ARTICLE AS
16 PROVIDED IN THIS ARTICLE.

17 * * *

18 (F) A PENNSYLVANIA S CORPORATION WITH UNDERREPORTED INCOME
19 SHALL BE SUBJECT TO THE FOLLOWING:

20 (1) A PENNSYLVANIA S CORPORATION UNDERREPORTING INCOME
21 BY MORE THAN ONE MILLION DOLLARS (\$1,000,000) FOR ANY TAX
22 YEAR SHALL BE LIABLE FOR THE TAX, EXCLUDING INTEREST,
23 PENALTIES OR ADDITIONS, AT THE TAX RATE APPLICABLE TO THE TAX
24 YEAR, ON THE UNDERREPORTED INCOME WITHOUT REGARD TO THE TAX
25 LIABILITY OF THE SHAREHOLDERS FOR THE UNDERREPORTED INCOME.
26 THE DEPARTMENT SHALL ASSESS THE PENNSYLVANIA S CORPORATION
27 FOR THE TAX ON THE UNDERREPORTED INCOME. THE DEPARTMENT SHALL
28 NOT ASSESS THE SHAREHOLDERS FOR THE UNDERREPORTED INCOME OR
29 THE TAX THEREON; RATHER, THE PENNSYLVANIA S CORPORATION SHALL
30 BE REQUIRED TO PROVIDE AN AMENDED STATEMENT TO EACH

1 SHAREHOLDER AS REQUIRED UNDER SECTION 330.1 OF THE
2 SHAREHOLDER'S PRO RATA SHARE OF THE UNDERREPORTED INCOME
3 WITHIN 90 DAYS OF THE ASSESSMENT BECOMING FINAL. NOTHING IN
4 THIS SUBSECTION SHALL RELIEVE THE SHAREHOLDERS OF THEIR TAX
5 LIABILITY ON THE UNDERREPORTED INCOME.

6 (1.1) EACH SHAREHOLDER SHALL BE ALLOWED A CREDIT FOR THE
7 SHAREHOLDER'S SHARE OF THE TAX ASSESSED AGAINST THE PENNSYLVANIA
8 S CORPORATION UNDER PARAGRAPH (1) AND PAID BY THE PENNSYLVANIA S
9 CORPORATION. THE CREDIT SHALL BE ALLOWED FOR THE SHAREHOLDER'S
10 TAXABLE YEAR IN WHICH THE UNDERREPORTED INCOME WAS REQUIRED TO
11 BE REPORTED.

12 (2) PARAGRAPH (1) SHALL APPLY TO THE FOLLOWING PENNSYLVANIA
13 S CORPORATIONS:

14 (I) A PENNSYLVANIA S CORPORATION WHICH HAS ELEVEN OR MORE
15 SHAREHOLDERS.

16 (II) A PENNSYLVANIA S CORPORATION WHICH ELECTS TO BE SUBJECT
17 TO THIS SUBSECTION. THE ELECTION MUST BE INCLUDED ON THE
18 PENNSYLVANIA S CORPORATION RETURN TO BE FILED WITH THE
19 DEPARTMENT.

20 (3) NOTHING UNDER THIS SECTION SHALL REQUIRE ONE SHAREHOLDER
21 TO BE LIABLE FOR THE PAYMENT OF A TAX LIABILITY OF ANOTHER
22 SHAREHOLDER.

23 (4) APPEALS INVOLVING THE DEFICIENCY ASSESSED UNDER THIS
24 SECTION MAY BE FILED ONLY BY THE PENNSYLVANIA S CORPORATION AND
25 A REASSESSMENT OF TAX LIABILITY SHALL BE BINDING ON THE
26 SHAREHOLDERS.

27 SECTION 11. SECTION 314(A) OF THE ACT, AMENDED DECEMBER 23,
28 1983 (P.L.370, NO.90), IS AMENDED TO READ:

29 SECTION 314. INCOME TAXES IMPOSED BY OTHER STATES.-- (A) A
30 RESIDENT TAXPAYER BEFORE ALLOWANCE OF ANY CREDIT UNDER SECTION

1 312 SHALL BE ALLOWED A CREDIT AGAINST THE TAX OTHERWISE DUE
2 UNDER THIS ARTICLE FOR THE AMOUNT OF ANY INCOME TAX, WAGE TAX OR
3 TAX ON OR MEASURED BY GROSS OR NET EARNED OR UNEARNED INCOME
4 IMPOSED ON HIM OR ON A PENNSYLVANIA S CORPORATION IN WHICH HE IS
5 A SHAREHOLDER, TO THE EXTENT OF HIS PRO RATA SHARE THEREOF
6 DETERMINED IN ACCORDANCE WITH SECTION 307.9, BY ANOTHER STATE
7 WITH RESPECT TO INCOME WHICH IS ALSO SUBJECT TO TAX UNDER THIS
8 ARTICLE. FOR PURPOSES OF THIS SUBSECTION, THE TERM "STATE" SHALL
9 ONLY INCLUDE A STATE OF THE UNITED STATES, THE DISTRICT OF
10 COLUMBIA, THE COMMONWEALTH OF PUERTO RICO AND ANY TERRITORY OR
11 POSSESSION OF THE UNITED STATES.

12 * * *

13 SECTION 12. SECTION 315.9 OF THE ACT, AMENDED OCTOBER 9,
14 2009 (P.L.451, NO.48), IS AMENDED TO READ:

15 SECTION 315.9. OPERATIONAL PROVISIONS.--

16 (B) EXCEPT AS SET FORTH IN SUBSECTION (B.1), ANY CHECKOFF
17 ESTABLISHED UNDER THIS PART AND APPLICABLE FOR THE FIRST TIME IN
18 A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2009, SHALL EXPIRE
19 FOUR YEARS AFTER THE BEGINNING OF SUCH FIRST TAXABLE YEAR.

20 (B.1) NOTWITHSTANDING SUBSECTION (B), THE CHECKOFFS
21 ESTABLISHED IN SECTIONS 315.2 AND 315.7 SHALL NOT EXPIRE.

22 (C) SECTIONS 315.3, 315.4 AND 315.8 SHALL EXPIRE JANUARY 1,
23 [2014] 2018.

24 SECTION 13. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

25 SECTION 315.10. CONTRIBUTIONS FOR THE CHILDREN'S TRUST
26 FUND.--(A) THE DEPARTMENT SHALL PROVIDE A SPACE ON THE
27 PENNSYLVANIA INDIVIDUAL INCOME TAX RETURN FORM WHEREBY AN
28 INDIVIDUAL MAY VOLUNTARILY DESIGNATE A CONTRIBUTION OF ANY
29 AMOUNT DESIRED TO THE CHILDREN'S TRUST FUND ESTABLISHED IN
30 SECTION 8 OF THE ACT OF DECEMBER 15, 1988 (P.L.1235, NO.151),

1 KNOWN AS THE "CHILDREN'S TRUST FUND ACT."

2 (B) THE AMOUNT DESIGNATED UNDER SUBSECTION (A) BY AN
3 INDIVIDUAL ON THE INCOME TAX RETURN FORM SHALL BE DEDUCTED FROM
4 THE TAX REFUND TO WHICH THAT INDIVIDUAL IS ENTITLED AND SHALL
5 NOT CONSTITUTE A CHARGE AGAINST THE INCOME TAX REVENUES DUE THE
6 COMMONWEALTH.

7 (C) THE DEPARTMENT SHALL DETERMINE ANNUALLY THE TOTAL AMOUNT
8 DESIGNATED PURSUANT TO THIS SECTION, LESS REASONABLE
9 ADMINISTRATIVE COSTS, AND SHALL REPORT THE AMOUNT TO THE STATE
10 TREASURER, WHO SHALL TRANSFER THE AMOUNT FROM THE GENERAL FUND
11 TO THE CHILDREN'S TRUST FUND.

12 SECTION 315.11. CONTRIBUTIONS FOR AMERICAN RED CROSS.-- (A)
13 THE DEPARTMENT SHALL PROVIDE A SPACE ON THE PENNSYLVANIA
14 INDIVIDUAL INCOME TAX RETURN FORM BY WHICH AN INDIVIDUAL MAY
15 VOLUNTARILY DESIGNATE A CONTRIBUTION OF ANY AMOUNT DESIRED TO
16 THE AMERICAN RED CROSS ESTABLISHED UNDER 36 U.S.C. CH. 3001
17 (RELATING TO THE AMERICAN NATIONAL RED CROSS).

18 (B) THE AMOUNT DESIGNATED UNDER SUBSECTION (A) BY AN
19 INDIVIDUAL ON THE INCOME TAX RETURN FORM SHALL BE DEDUCTED FROM
20 THE TAX REFUND TO WHICH THE INDIVIDUAL IS ENTITLED AND SHALL NOT
21 CONSTITUTE A CHARGE AGAINST THE INCOME TAX REVENUES DUE THE
22 COMMONWEALTH.

23 (C) THE DEPARTMENT SHALL DETERMINE ANNUALLY THE TOTAL AMOUNT
24 DESIGNATED UNDER THIS SECTION, LESS REASONABLE ADMINISTRATIVE
25 COSTS, AND SHALL REPORT THE AMOUNT TO THE STATE TREASURER, WHO
26 SHALL TRANSFER THE AMOUNT FROM THE GENERAL FUND TO THE AMERICAN
27 RED CROSS.

28 SECTION 14. SECTION 324 OF THE ACT, AMENDED JUNE 22, 2001
29 (P.L.353, NO.23), IS AMENDED TO READ:

30 SECTION 324. GENERAL RULE.-- (A) WHEN A PARTNERSHIP, ESTATE,

1 TRUST OR PENNSYLVANIA S CORPORATION RECEIVES INCOME FROM SOURCES
2 WITHIN THIS COMMONWEALTH FOR ANY TAXABLE YEAR AND ANY PORTION OF
3 THE INCOME IS ALLOCABLE TO A NONRESIDENT PARTNER, BENEFICIARY,
4 MEMBER OR SHAREHOLDER THEREOF, THE PARTNERSHIP, ESTATE, TRUST OR
5 PENNSYLVANIA S CORPORATION SHALL PAY A WITHHOLDING TAX UNDER
6 THIS SECTION AT THE TIME AND IN THE MANNER PRESCRIBED BY THE
7 DEPARTMENT; HOWEVER, NOTWITHSTANDING ANY OTHER PROVISION OF THIS
8 ARTICLE, ALL SUCH WITHHOLDING TAX SHALL BE PAID OVER ON OR
9 BEFORE THE FIFTEENTH DAY OF THE FOURTH MONTH FOLLOWING THE END
10 OF THE TAXABLE YEAR.

11 (B) THIS SECTION SHALL NOT APPLY TO ANY PUBLICLY TRADED
12 PARTNERSHIP AS DEFINED UNDER SECTION 7704 OF THE INTERNAL
13 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 7704) WITH
14 EQUITY SECURITIES REGISTERED WITH THE SECURITIES AND EXCHANGE
15 COMMISSION UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF
16 1934 (48 STAT. 881, 15 U.S.C. § 78A).

17 SECTION 15. SECTION 330.1 OF THE ACT, AMENDED OR ADDED
18 DECEMBER 23, 1983 (P.L.370, NO.90) AND JULY 13, 1987 (P.L.325,
19 NO.59), IS AMENDED TO READ:

20 SECTION 330.1. RETURN OF PENNSYLVANIA S CORPORATION.--(A)
21 EVERY PENNSYLVANIA S CORPORATION SHALL MAKE A RETURN FOR EACH
22 TAXABLE YEAR, STATING SPECIFICALLY ALL ITEMS OF GROSS INCOME AND
23 DEDUCTIONS, THE NAMES AND ADDRESSES OF ALL PERSONS OWNING STOCK
24 IN THE CORPORATION AT ANY TIME DURING THE TAXABLE YEAR, THE
25 NUMBER OF SHARES OF STOCK OWNED BY EACH SHAREHOLDER AT ALL TIMES
26 DURING THE TAXABLE YEAR, THE AMOUNT OF MONEY AND OTHER PROPERTY
27 DISTRIBUTED BY THE CORPORATION DURING THE TAXABLE YEAR TO EACH
28 SHAREHOLDER, THE DATE OF EACH DISTRIBUTION, EACH SHAREHOLDER'S
29 PRO RATA SHARE OF EACH ITEM OF THE CORPORATION FOR THE TAXABLE
30 YEAR AND SUCH OTHER INFORMATION AS THE DEPARTMENT MAY REQUIRE.

1 (B) THE RETURN SHALL BE FILED ON OR BEFORE THIRTY DAYS AFTER
2 THE DATE WHEN THE CORPORATION'S FEDERAL INCOME TAX RETURN IS
3 DUE.

4 (C) EVERY PENNSYLVANIA S CORPORATION SHALL ALSO SUBMIT TO
5 THE DEPARTMENT A TRUE COPY OF THE INCOME TAX RETURN FILED WITH
6 THE FEDERAL GOVERNMENT AT THE TIME THE RETURN REQUIRED UNDER
7 SUBSECTION (A) IS FILED.

8 (D) EACH PENNSYLVANIA S CORPORATION REQUIRED TO FILE A
9 RETURN UNDER SUBSECTION (A) FOR A TAXABLE YEAR SHALL, ON OR
10 BEFORE THE DAY ON WHICH THE RETURN FOR THE TAXABLE YEAR WAS
11 FILED, FURNISH TO EACH PERSON WHO IS A SHAREHOLDER AT ANY TIME
12 DURING THE TAXABLE YEAR, A WRITTEN STATEMENT OF THE
13 SHAREHOLDER'S PRO RATA SHARE OF EACH ITEM ON THE CORPORATE
14 RETURN, IN A FORM REQUIRED BY THE DEPARTMENT.

15 SECTION 16. SECTION 335 OF THE ACT, AMENDED OR ADDED AUGUST
16 31, 1971 (P.L.362, NO.93), DECEMBER 23, 2003 (P.L.250, NO.46)
17 AND JULY 2, 2012 (P.L.751, NO.85), IS AMENDED TO READ:

18 SECTION 335. REQUIREMENTS CONCERNING RETURNS, NOTICES,
19 RECORDS AND STATEMENTS.-- (A) THE DEPARTMENT MAY PRESCRIBE BY
20 REGULATION FOR THE KEEPING OF RECORDS, THE CONTENT AND FORM OF
21 RETURNS, DECLARATIONS, STATEMENTS AND OTHER DOCUMENTS AND THE
22 FILING OF COPIES OF FEDERAL INCOME TAX RETURNS AND
23 DETERMINATIONS. THE DEPARTMENT MAY REQUIRE ANY PERSON, BY
24 REGULATION OR NOTICE SERVED UPON SUCH PERSON, TO MAKE SUCH
25 RETURNS, RENDER SUCH STATEMENTS, OR KEEP SUCH RECORDS, AS THE
26 DEPARTMENT MAY DEEM SUFFICIENT TO SHOW WHETHER OR NOT SUCH
27 PERSON IS LIABLE FOR TAX UNDER THIS ARTICLE.

28 (B) (1) WHEN REQUIRED BY REGULATIONS PRESCRIBED BY THE
29 DEPARTMENT:

30 (I) ANY PERSON REQUIRED UNDER THE AUTHORITY OF THIS ARTICLE

1 TO MAKE A RETURN, DECLARATION, STATEMENT, OR OTHER DOCUMENT
2 SHALL INCLUDE IN SUCH RETURN, DECLARATION, STATEMENT OR OTHER
3 DOCUMENT SUCH IDENTIFYING NUMBER AS MAY BE PRESCRIBED FOR
4 SECURING PROPER IDENTIFICATION OF SUCH PERSON.

5 (II) ANY PERSON WITH RESPECT TO WHOM A RETURN, DECLARATION,
6 STATEMENT, OR OTHER DOCUMENT IS REQUIRED UNDER THE AUTHORITY OF
7 THIS ARTICLE TO MAKE A RETURN, DECLARATION, STATEMENT, OR OTHER
8 DOCUMENT WITH RESPECT TO ANOTHER PERSON, SHALL REQUEST FROM SUCH
9 OTHER PERSON, AND SHALL INCLUDE IN ANY SUCH RETURN, DECLARATION,
10 STATEMENT, OR OTHER DOCUMENT, SUCH IDENTIFYING NUMBER AS MAY BE
11 PRESCRIBED FOR SECURING PROPER IDENTIFICATION OF SUCH OTHER
12 PERSON.

13 (2) FOR PURPOSES OF THIS SECTION, THE DEPARTMENT IS
14 AUTHORIZED TO REQUIRE SUCH INFORMATION AS MAY BE NECESSARY TO
15 ASSIGN AN IDENTIFYING NUMBER TO ANY PERSON.

16 (C) (1) EVERY PARTNERSHIP, ESTATE OR TRUST HAVING A
17 RESIDENT PARTNER OR A RESIDENT BENEFICIARY OR EVERY PARTNERSHIP,
18 ESTATE OR TRUST HAVING ANY INCOME DERIVED FROM SOURCES WITHIN
19 THIS COMMONWEALTH SHALL MAKE A RETURN FOR THE TAXABLE YEAR
20 SETTING FORTH ALL ITEMS OF INCOME, LOSS AND DEDUCTION, AND SUCH
21 OTHER PERTINENT INFORMATION AS THE DEPARTMENT MAY [BY
22 REGULATIONS PRESCRIBE] REQUIRE. SUCH RETURN SHALL BE FILED ON OR
23 BEFORE THE FIFTEENTH DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE
24 OF EACH TAXABLE YEAR. FOR PURPOSES OF THIS SUBSECTION, "TAXABLE
25 YEAR" MEANS YEAR OR PERIOD WHICH WOULD BE A TAXABLE YEAR OF THE
26 PARTNERSHIP IF IT WERE SUBJECT TO TAX UNDER THIS ARTICLE.

27 (2) EVERY PARTNERSHIP, ESTATE OR TRUST REQUIRED TO FILE A
28 RETURN UNDER PARAGRAPH (1) SHALL ALSO FILE WITH THE DEPARTMENT A
29 TRUE COPY OF THE INCOME TAX RETURN FILED WITH THE FEDERAL
30 GOVERNMENT AT THE TIME THE RETURN REQUIRED UNDER PARAGRAPH (1)

1 IS FILED.

2 (3) EVERY PARTNERSHIP, ESTATE OR TRUST REQUIRED TO FILE A
3 RETURN UNDER PARAGRAPH (1) FOR ANY TAXABLE YEAR SHALL, ON OR
4 BEFORE THE DAY THE RETURN IS FILED, FURNISH TO EACH PARTNER OR
5 NOMINEE FOR ANOTHER PERSON OR TO EACH BENEFICIARY TO WHOM THE
6 INCOME OR GAINS OF THE ESTATE OR TRUST IS TAXABLE, A WRITTEN
7 STATEMENT OF THE PARTNER'S PRO RATA SHARE OF EACH ITEM ON THE
8 PARTNERSHIP RETURN OR THE BENEFICIARY'S PRO RATA SHARE OF INCOME
9 ON THE ESTATE OR TRUST RETURN, IN A FORM REQUIRED BY THE
10 DEPARTMENT.

11 (4) A PARTNERSHIP REQUIRED TO FILE A RETURN UNDER PARAGRAPH
12 (1) FOR A TAXABLE YEAR SHALL, ON OR BEFORE THE DAY THE RETURN IS
13 FILED, FURNISH TO EACH PARTNER CLASSIFIED AS A CORPORATION,
14 PARTNERSHIP OR DISREGARDED ENTITY FOR FEDERAL INCOME TAX
15 PURPOSES A COPY OF THE PENNSYLVANIA INCOME TAX FORM REPORTING
16 CORPORATE PARTNER APPORTIONED BUSINESS INCOME OR LOSS. A
17 REPORTING PARTNERSHIP SHALL NOT BE REQUIRED TO PROVIDE A PARTNER
18 WHO IS EITHER A PARTNERSHIP OR DISREGARDED ENTITY A COPY OF THIS
19 FORM, IF THE REPORTING PARTNERSHIP IS ABLE TO DETERMINE THAT AN
20 ENTITY CLASSIFIED AS A CORPORATION FOR FEDERAL INCOME TAX
21 PURPOSES IS NOT AN INDIRECT OWNER OF THE REPORTING PARTNERSHIP.

22 (D) THE DEPARTMENT MAY PRESCRIBE REGULATIONS REQUIRING
23 RETURNS OF INFORMATION TO BE MADE AND FILED ON OR BEFORE
24 FEBRUARY 28 OF EACH YEAR AS TO THE PAYMENT OR CREDITING IN ANY
25 CALENDAR YEAR OF AMOUNTS OF TEN DOLLARS (\$10) OR MORE TO ANY
26 TAXPAYER. SUCH RETURNS MAY BE REQUIRED OF ANY PERSON, INCLUDING
27 LESSEES OR MORTGAGORS OF REAL OR PERSONAL PROPERTY, FIDUCIARIES,
28 EMPLOYERS AND ALL OFFICERS AND EMPLOYES OF THIS COMMONWEALTH, OR
29 OF ANY MUNICIPAL CORPORATION OR POLITICAL SUBDIVISION OF THIS
30 COMMONWEALTH HAVING THE CONTROL, RECEIPT, CUSTODY, DISPOSAL OR

1 PAYMENT OF INTEREST, RENTS, SALARIES, WAGES, PREMIUMS,
2 ANNUITIES, COMPENSATIONS, REMUNERATIONS, EMOLUMENTS OR OTHER
3 FIXED OR DETERMINABLE GAINS, PROFITS OR INCOME, EXCEPT INTEREST
4 COUPONS PAYABLE TO BEARER. A DUPLICATE OF THE STATEMENT AS TO
5 TAX WITHHELD ON COMPENSATION REQUIRED TO BE FURNISHED BY AN
6 EMPLOYER TO AN EMPLOYEE, SHALL CONSTITUTE THE RETURN OF
7 INFORMATION REQUIRED TO BE MADE UNDER THIS SECTION WITH RESPECT
8 TO SUCH COMPENSATION.

9 (E) ANY PERSON WHO IS REQUIRED TO MAKE A FORM W-2G RETURN TO
10 THE SECRETARY OF THE TREASURY OF THE UNITED STATES IN REGARD TO
11 TAXABLE GAMBLING OR LOTTERY WINNINGS FROM SOURCES WITHIN THIS
12 COMMONWEALTH SHALL FILE A COPY OF THE FORM WITH THE DEPARTMENT
13 BY MARCH 1 OF EACH YEAR OR, IF FILED ELECTRONICALLY, BY MARCH 31
14 OF EACH YEAR.

15 (F) THE FOLLOWING APPLY:

16 (1) ANY PERSON WHO:

17 (I) MAKES PAYMENTS OF INCOME FROM SOURCES WITHIN THIS
18 COMMONWEALTH;

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

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

29 (2) IF THE PAYOR IS REQUIRED TO PERFORM ELECTRONIC FILING
30 FOR PENNSYLVANIA EMPLOYER WITHHOLDING PURPOSES, THE FORM 1099-

1 MISC SHALL BE FILED ELECTRONICALLY WITH THE DEPARTMENT.

2 (G) (1) EVERY ESTATE, TRUST, PENNSYLVANIA S CORPORATION OR
3 PARTNERSHIP, OTHER THAN A PUBLICLY TRADED PARTNERSHIP, SHALL
4 MAINTAIN AT THE END OF THE ENTITY'S TAXABLE YEAR AN ACCURATE
5 LIST OF PARTNERS, MEMBERS, BENEFICIARIES OR SHAREHOLDERS. THE
6 LIST SHALL INCLUDE THE NAME, CURRENT ADDRESS AND TAX
7 IDENTIFICATION NUMBER OF ALL EXISTING PARTNERS, MEMBERS,
8 BENEFICIARIES OR SHAREHOLDERS AND OF ALL PARTNERS, MEMBERS,
9 BENEFICIARIES OR SHAREHOLDERS, WHO WERE ADMITTED OR WHO WITHDREW
10 DURING THE TAXABLE YEAR, INCLUDING THE DATE OF WITHDRAWAL AND
11 ADMITTANCE.

12 (2) IF THE ENTITY UNDER PARAGRAPH (1) DOES NOT MAINTAIN AN
13 ACCURATE LIST AS REQUIRED, THE TAX, PENALTY AND INTEREST WITH
14 RESPECT TO THE ENTITY SHALL BE CONSIDERED THE TAX, PENALTY AND
15 INTEREST OF THE PARTNERSHIP, ESTATE, TRUST OR PENNSYLVANIA S
16 CORPORATION AND OF THE GENERAL PARTNER, TAX MATTERS PARTNER,
17 CORPORATE OFFICER OR TRUSTEE.

18 SECTION 17. SECTION 352(F) OF THE ACT, AMENDED JULY 2, 2012
19 (P.L.751, NO.85), IS AMENDED TO READ:

20 SECTION 352. ADDITIONS, PENALTIES AND FEES.--* * *

21 (F) (1) ANY PERSON REQUIRED UNDER THE PROVISIONS OF SECTION
22 317 TO FURNISH A STATEMENT TO AN EMPLOYE WHO WILFULLY FURNISHES
23 A FALSE OR FRAUDULENT STATEMENT, OR WHO WILFULLY FAILS TO
24 FURNISH A STATEMENT IN THE MANNER, AT THE TIME, AND SHOWING THE
25 INFORMATION REQUIRED UNDER SECTION 317 AND THE REGULATIONS
26 PRESCRIBED THEREUNDER, SHALL, FOR EACH SUCH FAILURE, BE SUBJECT
27 TO A PENALTY OF FIFTY DOLLARS (\$50) FOR EACH EMPLOYE.

28 (2) ANY PERSON REQUIRED [BY REGULATION] TO FURNISH AN
29 INFORMATION RETURN WHO FURNISHES A FALSE OR FRAUDULENT RETURN OR
30 WHO FAILS TO FILE OR PROVIDE AN INFORMATION RETURN SHALL [FOR

1 EACH FAILURE] BE SUBJECT TO A PENALTY OF TWO HUNDRED FIFTY
2 DOLLARS (\$250).

3 (3) EVERY PARTNERSHIP, ESTATE, TRUST OR PENNSYLVANIA S
4 CORPORATION REQUIRED TO FILE A RETURN WITH THE DEPARTMENT UNDER
5 THE PROVISIONS OF SECTION 330.1 OR 335(C) WHO FURNISHES A FALSE
6 OR FRAUDULENT RETURN OR WHO FAILS TO FILE THE RETURN IN THE
7 MANNER AND AT THE TIME REQUIRED UNDER SECTION 330.1 OR 335(C)
8 SHALL BE SUBJECT TO A PENALTY OF \$250 FOR EACH FAILURE.

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

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

21 * * *

22 SECTION 18. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

23 SECTION 352.2. CITATION AUTHORITY.--(A) NOTWITHSTANDING ANY
24 OTHER PROVISION OF THIS ACT, ANY PERSON WHO DOES ANY OF THE
25 FOLLOWING COMMITS A SUMMARY OFFENSE AND, UPON CONVICTION, SHALL
26 BE SUBJECT TO THE FINES AND PENALTIES IMPOSED UNDER SECTION
27 208(C) (RELATING TO LICENSES):

28 (1) DOES NOT PAY EMPLOYER WITHHOLDING TAX, INTEREST OR
29 PENALTY WITHIN NINETY DAYS AFTER THE DUE DATE AND THE TAX
30 LIABILITY DUE HAS NOT BEEN TIMELY APPEALED OR SUBJECT TO A DULY

1 AUTHORIZED DEFERRED PAYMENT PLAN.

2 (2) UNDERPAYS AN EMPLOYER WITHHOLDING TAX, INTEREST OR
3 PENALTY WITHIN NINETY DAYS AFTER THE DUE DATE AND THE TAX
4 LIABILITY DUE HAS NOT BEEN TIMELY APPEALED OR SUBJECT TO A DULY
5 AUTHORIZED DEFERRED PAYMENT PLAN.

6 (3) FAILS TO FILE A TAX EMPLOYER WITHHOLDING RETURN OR
7 REPORT, OR ANY OTHER REPORTING DOCUMENT WITHIN NINETY DAYS AFTER
8 THE DUE DATE OF THE APPLICABLE PAYMENT OR RETURN, REPORT OR ANY
9 OTHER REPORTING DOCUMENT.

10 (B) THE PENALTIES IMPOSED UNDER THIS SECTION SHALL BE IN
11 ADDITION TO ANY OTHER PENALTIES IMPOSED UNDER THIS ARTICLE.

12 (C) THE SECRETARY OF REVENUE MAY DESIGNATE EMPLOYES OF THE
13 DEPARTMENT TO ENFORCE THIS SUBSECTION. THE EMPLOYES SHALL
14 EXHIBIT PROOF OF AND BE WITHIN THE SCOPE OF THE DESIGNATION WHEN
15 INSTITUTING PROCEEDINGS AS PROVIDED UNDER THE PENNSYLVANIA RULES
16 OF CRIMINAL PROCEDURE.

17 SECTION 19. SECTION 401(3)1, 2(A)(17) AND 4(C)(1)(A)(IV) OF
18 THE ACT, AMENDED SEPTEMBER 9, 1971 (P.L.437, NO.105), ARE
19 AMENDED, CLAUSE (3)1 AND 2 ARE AMENDED BY ADDING PHRASES,
20 SUBCLAUSE 2(A) IS AMENDED BY ADDING A PARAGRAPH, PARAGRAPHS
21 (3)4(C)(1)(A) AND 2(B) ARE AMENDED BY ADDING SUBPARAGRAPHS AND
22 THE SECTION IS AMENDED BY ADDING CLAUSES TO READ:

23 SECTION 401. DEFINITIONS.--THE FOLLOWING WORDS, TERMS, AND
24 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANING
25 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
26 CLEARLY INDICATES A DIFFERENT MEANING:

27 * * *

28 (3) "TAXABLE INCOME." 1. * * *

29 (T) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2), (3) OR (4) FOR
30 TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2014, AND IN ADDITION

1 TO ANY AUTHORITY THE DEPARTMENT HAS ON THE EFFECTIVE DATE OF
2 THIS PARAGRAPH TO DENY A DEDUCTION RELATED TO A FRAUDULENT OR
3 SHAM TRANSACTION, NO DEDUCTION SHALL BE ALLOWED FOR AN
4 INTANGIBLE EXPENSE OR COST, OR AN INTEREST EXPENSE OR COST,
5 PAID, ACCRUED OR INCURRED DIRECTLY OR INDIRECTLY IN CONNECTION
6 WITH ONE OR MORE TRANSACTIONS WITH AN AFFILIATED ENTITY. IN
7 CALCULATING TAXABLE INCOME UNDER THIS PARAGRAPH, WHEN THE
8 TAXPAYER IS ENGAGED IN ONE OR MORE TRANSACTIONS WITH AN
9 AFFILIATED ENTITY THAT WAS SUBJECT TO TAX IN THIS COMMONWEALTH
10 OR ANOTHER STATE OR POSSESSION OF THE UNITED STATES ON A TAX
11 BASE THAT INCLUDED THE INTANGIBLE EXPENSE OR COST, OR THE
12 INTEREST EXPENSE OR COST, PAID, ACCRUED OR INCURRED BY THE
13 TAXPAYER, THE TAXPAYER SHALL RECEIVE A CREDIT AGAINST TAX DUE IN
14 THIS COMMONWEALTH IN AN AMOUNT EQUAL TO THE APPORTIONMENT FACTOR
15 OF THE TAXPAYER IN THIS COMMONWEALTH MULTIPLIED BY THE GREATER
16 OF THE FOLLOWING:

17 (A) THE TAX LIABILITY OF THE AFFILIATED ENTITY WITH RESPECT
18 TO THE PORTION OF ITS INCOME REPRESENTING THE INTANGIBLE EXPENSE
19 OR COST, OR THE INTEREST EXPENSE OR COST, PAID, ACCRUED OR
20 INCURRED BY THE TAXPAYER; OR

21 (B) THE TAX LIABILITY THAT WOULD HAVE BEEN PAID BY THE
22 AFFILIATED ENTITY UNDER SUBPARAGRAPH (A) IF THAT TAX LIABILITY
23 HAD NOT BEEN OFFSET BY A CREDIT.

24 THE CREDIT ISSUED UNDER THIS PARAGRAPH SHALL NOT EXCEED THE
25 TAXPAYER'S LIABILITY IN THIS COMMONWEALTH ATTRIBUTABLE TO THE
26 NET INCOME TAXED AS A RESULT OF THE ADJUSTMENT REQUIRED BY THIS
27 PARAGRAPH.

28 (2) THE ADJUSTMENT REQUIRED BY PARAGRAPH (1) SHALL NOT APPLY
29 TO A TRANSACTION THAT DID NOT HAVE AS THE PRINCIPAL PURPOSE THE
30 AVOIDANCE OF TAX DUE UNDER THIS ARTICLE AND WAS DONE AT ARM'S

1 LENGTH RATES AND TERMS.

2 (3) THE ADJUSTMENT REQUIRED BY PARAGRAPH (1) SHALL NOT APPLY
3 TO A TRANSACTION BETWEEN A TAXPAYER AND AN AFFILIATED ENTITY
4 DOMICILED IN A FOREIGN NATION WHICH HAS IN FORCE A COMPREHENSIVE
5 INCOME TAX TREATY WITH THE UNITED STATES PROVIDING FOR THE
6 ALLOCATION OF ALL CATEGORIES OF INCOME SUBJECT TO TAXATION, OR
7 THE WITHHOLDING OF TAX, ON ROYALTIES, LICENSES, FEES AND
8 INTEREST FOR THE PREVENTION OF DOUBLE TAXATION OF THE RESPECTIVE
9 NATIONS' RESIDENTS AND THE SHARING OF INFORMATION.

10 (4) THE ADJUSTMENT REQUIRED BY PARAGRAPH (1) SHALL NOT APPLY
11 TO A TRANSACTION WHERE AN AFFILIATED ENTITY DIRECTLY OR
12 INDIRECTLY PAID, ACCRUED OR INCURRED A PAYMENT TO A PERSON WHO
13 IS NOT AN AFFILIATED ENTITY, IF THE PAYMENT IS PAID, ACCRUED OR
14 INCURRED ON THE INTANGIBLE EXPENSE OR COST, OR INTEREST EXPENSE
15 OR COST, AND IS EQUAL TO OR LESS THAN THE TAXPAYER'S
16 PROPORTIONAL SHARE OF THE TRANSACTION. THE TAXPAYER'S
17 PROPORTIONAL SHARE SHALL BE BASED ON RELATIVE SALES, ASSETS,
18 LIABILITIES OR ANOTHER REASONABLE METHOD.

19 2. IN CASE THE ENTIRE BUSINESS OF ANY CORPORATION, OTHER
20 THAN A CORPORATION ENGAGED IN DOING BUSINESS AS A REGULATED
21 INVESTMENT COMPANY AS DEFINED BY THE INTERNAL REVENUE CODE OF
22 1986, IS NOT TRANSACTED WITHIN THIS COMMONWEALTH, THE TAX
23 IMPOSED BY THIS ARTICLE SHALL BE BASED UPON SUCH PORTION OF THE
24 TAXABLE INCOME OF SUCH CORPORATION FOR THE FISCAL OR CALENDAR
25 YEAR, AS DEFINED IN SUBCLAUSE 1 HEREOF, AND MAY BE DETERMINED AS
26 FOLLOWS:

27 (A) DIVISION OF INCOME.

28 * * *

29 (16.1) (A) SALES FROM THE SALE, LEASE, RENTAL OR OTHER USE
30 OF REAL PROPERTY, IF THE REAL PROPERTY IS LOCATED IN THIS STATE.

1 IF A SINGLE PARCEL OF REAL PROPERTY IS LOCATED BOTH IN AND
2 OUTSIDE THIS STATE, THE SALE IS IN THIS STATE BASED UPON THE
3 PERCENTAGE OF ORIGINAL COST OF THE REAL PROPERTY LOCATED IN THIS
4 STATE.

5 (B) (I) SALES FROM THE RENTAL, LEASE OR LICENSING OF
6 TANGIBLE PERSONAL PROPERTY, IF THE CUSTOMER FIRST OBTAINED
7 POSSESSION OF THE TANGIBLE PERSONAL PROPERTY IN THIS STATE.

8 (II) IF THE TANGIBLE PERSONAL PROPERTY IS SUBSEQUENTLY TAKEN
9 OUT OF THIS STATE, THE TAXPAYER MAY USE A REASONABLY DETERMINED
10 ESTIMATE OF USAGE IN THIS STATE TO DETERMINE THE EXTENT OF SALE
11 IN THIS STATE.

12 (C) (I) SALES FROM THE SALE OF SERVICE, IF THE SERVICE IS
13 DELIVERED TO A LOCATION IN THIS STATE. IF THE SERVICE IS
14 DELIVERED BOTH TO A LOCATION IN AND OUTSIDE THIS STATE, THE SALE
15 IS IN THIS STATE BASED UPON THE PERCENTAGE OF TOTAL VALUE OF THE
16 SERVICE DELIVERED TO A LOCATION IN THIS STATE.

17 (II) IF THE STATE OR STATES OF ASSIGNMENT UNDER SUBPARAGRAPH
18 (I) CANNOT BE DETERMINED FOR A CUSTOMER WHO IS AN INDIVIDUAL
19 THAT IS NOT A SOLE PROPRIETOR, A SERVICE IS DEEMED TO BE
20 DELIVERED AT THE CUSTOMER'S BILLING ADDRESS.

21 (III) IF THE STATE OR STATES OF ASSIGNMENT UNDER
22 SUBPARAGRAPH (I) CANNOT BE DETERMINED FOR A CUSTOMER, EXCEPT FOR
23 A CUSTOMER UNDER SUBPARAGRAPH (II), A SERVICE IS DEEMED TO BE
24 DELIVERED AT THE LOCATION FROM WHICH THE SERVICES WERE ORDERED
25 IN THE CUSTOMER'S REGULAR COURSE OF OPERATIONS. IF THE LOCATION
26 FROM WHICH THE SERVICES WERE ORDERED IN THE CUSTOMER'S REGULAR
27 COURSE OF OPERATIONS CANNOT BE DETERMINED, A SERVICE IS DEEMED
28 TO BE DELIVERED AT THE CUSTOMER'S BILLING ADDRESS.

29 (17) SALES, OTHER THAN SALES [OF TANGIBLE PERSONAL PROPERTY]
30 UNDER PARAGRAPHS (16) AND (16.1), ARE IN THIS STATE IF:

1 (A) THE INCOME-PRODUCING ACTIVITY IS PERFORMED IN THIS
2 STATE; OR

3 (B) THE INCOME-PRODUCING ACTIVITY IS PERFORMED BOTH IN AND
4 OUTSIDE THIS STATE AND A GREATER PROPORTION OF THE INCOME-
5 PRODUCING ACTIVITY IS PERFORMED IN THIS STATE THAN IN ANY OTHER
6 STATE, BASED ON COSTS OF PERFORMANCE.

7 * * *

8 (E) SATELLITE TELEVISION SERVICES PROVIDERS.

9 (1) ALL BUSINESS INCOME OF PROVIDERS OF SATELLITE TELEVISION
10 SERVICES SHALL BE APPORTIONED TO THIS COMMONWEALTH BY
11 MULTIPLYING THE INCOME BY A FRACTION, THE NUMERATOR OF WHICH IS
12 THE VALUE OF EQUIPMENT LOCATED IN THIS COMMONWEALTH THAT IS
13 OWNED OR RENTED BY THE TAXPAYER OR OWNED BY AN ENTITY THAT IS
14 INCLUDED WITH THE TAXPAYER IN A CONTROLLED GROUP, AS DEFINED IN
15 SECTION 267(F) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW
16 99-514, 26 U.S.C. § 166), AND USED BY THE TAXPAYER IN
17 GENERATING, PROCESSING OR TRANSMITTING SATELLITE TELEVISION
18 SERVICES WHETHER OR NOT SUCH EQUIPMENT IS AFFIXED TO REAL
19 ESTATE, AND THE DENOMINATOR OF WHICH IS THE VALUE OF ALL SUCH
20 EQUIPMENT LOCATED EVERYWHERE. THE VALUE OF PROPERTY OWNED BY THE
21 TAXPAYER OR OWNED BY AN ENTITY INCLUDED WITH THE TAXPAYER IN A
22 CONTROLLED GROUP AND USED BY THE TAXPAYER SHALL BE ITS COST LESS
23 DEPRECIATION PER THE BOOKS AND RECORDS OF THE OWNER. THE VALUE
24 OF RENTED EQUIPMENT SHALL BE DETERMINED IN ACCORDANCE WITH
25 PARAGRAPH (11) OF PHRASE (A) OF SUBCLAUSE 2 OF THIS DEFINITION.

26 (2) NONBUSINESS INCOME OF PROVIDERS OF SATELLITE TELEVISION
27 SERVICES SHALL BE ALLOCATED AS PROVIDED IN PARAGRAPHS (5)
28 THROUGH (8) OF SUBCLAUSE 2 OF THIS DEFINITION.

29 * * *

30 4. * * *

1 (C) (1) THE NET LOSS DEDUCTION SHALL BE THE LESSER OF:

2 (A) * * *

3 (IV) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2009,
4 THE GREATER OF TWENTY PER CENT OF TAXABLE INCOME AS DETERMINED
5 UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 OR THREE
6 MILLION DOLLARS (\$3,000,000); [OR]

7 (V) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2013, THE
8 GREATER OF TWENTY-FIVE PER CENT OF TAXABLE INCOME AS DETERMINED
9 UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 OR FOUR MILLION
10 DOLLARS (\$4,000,000);

11 (VI) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2014,
12 THE GREATER OF THIRTY PER CENT OF TAXABLE INCOME AS DETERMINED
13 UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 OR FIVE MILLION
14 DOLLARS (\$5,000,000); OR

15 * * *

16 (2) * * *

17 (B) THE EARLIEST NET LOSS SHALL BE CARRIED OVER TO THE
18 EARLIEST TAXABLE YEAR TO WHICH IT MAY BE CARRIED UNDER THIS
19 SCHEDULE. THE TOTAL NET LOSS DEDUCTION ALLOWED IN ANY TAXABLE
20 YEAR SHALL NOT EXCEED:

21 * * *

22 (V) THE GREATER OF TWENTY-FIVE PER CENT OF TAXABLE INCOME AS
23 DETERMINED UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 OR
24 FOUR MILLION DOLLARS (\$4,000,000) FOR TAXABLE YEARS BEGINNING
25 AFTER DECEMBER 31, 2013.

26 (VI) THE GREATER OF THIRTY PER CENT OF TAXABLE INCOME AS
27 DETERMINED UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 OR
28 FIVE MILLION DOLLARS (\$5,000,000) FOR TAXABLE YEARS BEGINNING
29 AFTER DECEMBER 31, 2014.

30 * * *

1 (8) "INTANGIBLE EXPENSE OR COST." ROYALTIES, LICENSES OR
2 FEES PAID FOR THE ACQUISITION, USE, MAINTENANCE, MANAGEMENT,
3 OWNERSHIP, SALE, EXCHANGE OR OTHER DISPOSITION OF PATENTS,
4 PATENT APPLICATIONS, TRADE NAMES, TRADEMARKS, SERVICE MARKS,
5 COPYRIGHTS, MASK WORKS OR OTHER SIMILAR EXPENSES OR COSTS.

6 (9) "INTEREST EXPENSE OR COST." A DEDUCTION ALLOWED UNDER
7 SECTION 163 OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. §
8 163) TO THE EXTENT THAT SUCH DEDUCTION IS DIRECTLY RELATED TO AN
9 INTANGIBLE EXPENSE OR COST.

10 (10) "AFFILIATED ENTITY." A PERSON WITH A RELATIONSHIP TO
11 THE TAXPAYER DURING ALL OR ANY PORTION OF THE TAXABLE YEAR THAT
12 IS ANY OF THE FOLLOWING:

13 (I) A STOCKHOLDER WHO IS AN INDIVIDUAL, OR A MEMBER OF THE
14 STOCKHOLDER'S FAMILY AS SET FORTH IN SECTION 318 OF THE INTERNAL
15 REVENUE CODE OF 1986 (26 U.S.C. § 318), IF THE STOCKHOLDER AND
16 THE MEMBERS OF THE STOCKHOLDER'S FAMILY OWN, DIRECTLY,
17 INDIRECTLY, BENEFICIALLY OR CONSTRUCTIVELY, IN THE AGGREGATE,
18 MORE THAN FIFTY PER CENT OF THE VALUE OF THE TAXPAYER'S
19 OUTSTANDING STOCK;

20 (II) A STOCKHOLDER, OR A STOCKHOLDER'S PARTNERSHIP, LIMITED
21 LIABILITY COMPANY, ESTATE, TRUST OR CORPORATION, IF THE
22 STOCKHOLDER AND THE STOCKHOLDER'S PARTNERSHIPS, LIMITED
23 LIABILITY COMPANIES, ESTATES, TRUSTS AND CORPORATIONS OWN
24 DIRECTLY, INDIRECTLY, BENEFICIALLY OR CONSTRUCTIVELY, IN THE
25 AGGREGATE, MORE THAN FIFTY PER CENT OF THE VALUE OF THE
26 TAXPAYER'S OUTSTANDING STOCK;

27 (III) A CORPORATION, OR A PARTY RELATED TO THE CORPORATION
28 IN A MANNER THAT WOULD REQUIRE AN ATTRIBUTION OF STOCK FROM THE
29 CORPORATION TO THE PARTY OR FROM THE PARTY TO THE CORPORATION
30 UNDER THE ATTRIBUTION RULES OF THE INTERNAL REVENUE CODE OF

1 1986, IF THE TAXPAYER OWNS, DIRECTLY, INDIRECTLY, BENEFICIALLY
2 OR CONSTRUCTIVELY, MORE THAN FIFTY PER CENT OF THE VALUE OF THE
3 CORPORATION'S OUTSTANDING STOCK. THE ATTRIBUTION RULES OF
4 SECTION 318 OF THE INTERNAL REVENUE CODE OF 1986 SHALL APPLY FOR
5 PURPOSES OF DETERMINING WHETHER THE OWNERSHIP REQUIREMENTS OF
6 THIS DEFINITION HAVE BEEN MET;

7 (IV) A COMPONENT MEMBER AS DEFINED IN SECTION 1563(B) OF THE
8 INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 1563(B)); OR

9 (V) A PERSON TO OR FROM WHOM THERE IS ATTRIBUTION OF STOCK
10 OWNERSHIP IN ACCORDANCE WITH SECTION 1563(E) OF THE INTERNAL
11 REVENUE CODE OF 1986.

12 SECTION 20. SECTION 403(D) OF THE ACT, AMENDED OCTOBER 18,
13 2006 (P.L.1149, NO.119), IS AMENDED TO READ:

14 SECTION 403. REPORTS AND PAYMENT OF TAX.--* * *

15 (D) IF THE OFFICERS OF ANY CORPORATION SHALL NEGLECT, OR
16 REFUSE TO MAKE ANY REPORT AS HEREIN REQUIRED, OR SHALL KNOWINGLY
17 MAKE ANY FALSE REPORT, [THE FOLLOWING PERCENTAGES OF THE AMOUNT
18 OF THE TAX SHALL BE ADDED BY THE DEPARTMENT TO THE TAX
19 DETERMINED TO BE DUE ON THE FIRST ONE THOUSAND DOLLARS (\$1,000)
20 OF TAX TEN PER CENT, ON THE NEXT FOUR THOUSAND DOLLARS (\$4,000)
21 FIVE PER CENT, AND ON EVERYTHING IN EXCESS OF FIVE THOUSAND
22 DOLLARS (\$5,000) ONE PER CENT, NO SUCH] A PENALTY OF FIVE
23 HUNDRED DOLLARS (\$500) PLUS AN ADDITIONAL ONE PER CENT FOR EVERY
24 DOLLAR OF TAX DETERMINED TO BE DUE IN EXCESS OF TWENTY-FIVE
25 THOUSAND DOLLARS (\$25,000) SHALL BE ADDED TO THE TAX DETERMINED
26 TO BE DUE. NO AMOUNTS ADDED TO THE TAX SHALL BEAR ANY INTEREST
27 WHATSOEVER.

28 * * *

29 SECTION 20.1. SECTIONS 602(H) AND 607 OF THE ACT, AMENDED
30 OCTOBER 9, 2009 (P.L.451, NO.48), ARE AMENDED TO READ:

1 SECTION 602. IMPOSITION OF TAX.--* * *

2 (H) THE RATE OF TAX FOR PURPOSES OF THE CAPITAL STOCK AND
3 FRANCHISE TAX FOR TAXABLE YEARS BEGINNING WITHIN THE DATES SET
4 FORTH SHALL BE AS FOLLOWS:

5	TAXABLE YEAR	REGULAR RATE	SURTAX	TOTAL RATE
6	JANUARY 1, 1971, TO			
7	DECEMBER 31, 1986	10 MILLS	0	10 MILLS
8	JANUARY 1, 1987, TO			
9	DECEMBER 31, 1987	9 MILLS	0	9 MILLS
10	JANUARY 1, 1988, TO			
11	DECEMBER 31, 1990	9.5 MILLS	0	9.5 MILLS
12	JANUARY 1, 1991, TO			
13	DECEMBER 31, 1991	11 MILLS	2 MILLS	13 MILLS
14	JANUARY 1, 1992, TO			
15	DECEMBER 31, 1997	11 MILLS	1.75 MILLS	12.75 MILLS
16	JANUARY 1, 1998, TO			
17	DECEMBER 31, 1998	11 MILLS	.99 MILLS	11.99 MILLS
18	JANUARY 1, 1999, TO			
19	DECEMBER 31, 1999	10.99 MILLS	0	10.99 MILLS
20	JANUARY 1, 2000, TO			
21	DECEMBER 31, 2000	8.99 MILLS	0	8.99 MILLS
22	JANUARY 1, 2001, TO			
23	DECEMBER 31, 2001	7.49 MILLS	0	7.49 MILLS
24	JANUARY 1, 2002, TO			
25	DECEMBER 31, 2003	7.24 MILLS	0	7.24 MILLS
26	JANUARY 1, 2004, TO			
27	DECEMBER 31, 2004	6.99 MILLS	0	6.99 MILLS
28	JANUARY 1, 2005, TO			
29	DECEMBER 31, 2005	5.99 MILLS	0	5.99 MILLS
30	JANUARY 1, 2006, TO			

1	DECEMBER 31, 2006	4.89 MILLS	0	4.89 MILLS
2	JANUARY 1, 2007, TO			
3	DECEMBER 31, 2007	3.89 MILLS	0	3.89 MILLS
4	JANUARY 1, 2008, TO			
5	DECEMBER 31, 2011	2.89 MILLS	0	2.89 MILLS
6	JANUARY 1, 2012, TO			
7	DECEMBER 31, 2012	1.89 MILLS	0	1.89 MILLS
8	JANUARY 1, 2013, TO			
9	DECEMBER 31, 2013	.89 MILLS	0	.89 MILLS
10	<u>JANUARY 1, 2014 TO</u>			
11	<u>DECEMBER 31, 2014</u>	<u>.67 MILLS</u>	<u>0</u>	<u>.67 MILLS</u>
12	<u>JANUARY 1, 2015 TO</u>			
13	<u>DECEMBER 31, 2015</u>	<u>.45 MILLS</u>	<u>0</u>	<u>.45 MILLS</u>

14 SECTION 607. EXPIRATION.--THIS ARTICLE SHALL EXPIRE FOR
15 TAXABLE YEARS BEGINNING AFTER DECEMBER 31, [2013] 2015.

16 SECTION 21. SECTION 701 OF THE ACT, AMENDED JUNE 16, 1994
17 (P.L.279, NO.48), IS AMENDED TO READ:

18 SECTION 701. IMPOSITION OF TAX.--(A) EVERY INSTITUTION
19 DOING BUSINESS IN THIS COMMONWEALTH SHALL, ON OR BEFORE MARCH 15
20 IN EACH AND EVERY YEAR, MAKE TO THE DEPARTMENT OF REVENUE A
21 REPORT IN WRITING, VERIFIED AS REQUIRED BY LAW, SETTING FORTH
22 THE FULL NUMBER OF SHARES OF THE CAPITAL STOCK SUBSCRIBED FOR OR
23 ISSUED, AS OF THE PRECEDING JANUARY 1, BY SUCH INSTITUTION, AND
24 THE TAXABLE AMOUNT OF SUCH SHARES OF CAPITAL STOCK DETERMINED
25 PURSUANT TO SECTION 701.1.

26 (B) IT SHALL BE THE DUTY OF THE DEPARTMENT OF REVENUE TO
27 ASSESS SUCH SHARES FOR THE CALENDAR YEARS BEGINNING JANUARY 1,
28 1971 THROUGH JANUARY 1, 1983, AT THE RATE OF FIFTEEN MILLS AND
29 FOR THE CALENDAR YEARS BEGINNING JANUARY 1, 1984 THROUGH JANUARY
30 1, 1988, AT THE RATE OF ONE AND SEVENTY-FIVE ONE THOUSANDTHS PER

1 CENT AND FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 1989, AT THE
2 RATE OF 10.77 PER CENT AND FOR THE CALENDAR [YEAR] YEARS
3 BEGINNING JANUARY 1, 1990[, AND EACH CALENDAR YEAR THEREAFTER]
4 THROUGH JANUARY 1, 2013, AT THE RATE OF 1.25 PER CENT AND FOR
5 THE CALENDAR YEAR BEGINNING JANUARY 1, 2014, AND EACH CALENDAR
6 YEAR THEREAFTER AT THE RATE OF 0.89 PER CENT UPON EACH DOLLAR OF
7 TAXABLE AMOUNT THEREOF, THE TAXABLE AMOUNT OF EACH SHARE OF
8 STOCK TO BE ASCERTAINED AND FIXED PURSUANT TO SECTION 701.1, AND
9 DIVIDING THIS AMOUNT BY THE NUMBER OF SHARES.

10 (C) IT SHALL BE THE DUTY OF EVERY INSTITUTION DOING BUSINESS
11 IN THIS COMMONWEALTH, AT THE TIME OF MAKING EVERY REPORT
12 REQUIRED BY THIS SECTION, TO COMPUTE THE TAX AND TO PAY THE
13 AMOUNT OF SAID TAX TO THE STATE TREASURER, THROUGH THE
14 DEPARTMENT OF REVENUE EITHER FROM ITS GENERAL FUND, OR FROM THE
15 AMOUNT OF SAID TAX COLLECTED FROM ITS SHAREHOLDERS.[: PROVIDED,
16 THAT FOR THE CALENDAR YEARS BEGINNING JANUARY 1, 1971 THROUGH
17 JANUARY 1, 1991, SUCH INSTITUTION, UPON THE DATE ITS REPORT,
18 HEREIN REQUIRED IS MADE FOR SUCH CALENDAR YEARS BEGINNING
19 JANUARY 1, 1971 THROUGH JANUARY 1, 1991, SHALL PAY TO THE
20 DEPARTMENT OF REVENUE NOT LESS THAN EIGHTY PER CENT OF THE TAX
21 DUE TO THE COMMONWEALTH BY IT FOR SUCH CALENDAR YEAR, AND THE
22 REMAINING TAX DUE SHALL BE PAID AT THE TIME WHEN THE REPORT
23 HEREIN REQUIRED FOR THE YEAR NEXT SUCCEEDING IS MADE:] PROVIDED,
24 THAT IN CASE ANY INSTITUTION SHALL COLLECT, ANNUALLY, FROM THE
25 SHAREHOLDERS THEREOF SAID TAX, ACCORDING TO THE PROVISIONS OF
26 THIS ARTICLE, THAT HAVE BEEN SUBSCRIBED FOR OR ISSUED, AND PAY
27 THE SAME INTO THE STATE TREASURY, THROUGH THE DEPARTMENT OF
28 REVENUE, THE SHARES, AND SO MUCH OF THE CAPITAL AND PROFITS OF
29 SUCH INSTITUTION AS SHALL NOT BE INVESTED IN REAL ESTATE, SHALL
30 BE EXEMPT FROM LOCAL TAXATION UNDER THE LAWS OF THIS

1 COMMONWEALTH; AND SUCH INSTITUTION SHALL NOT BE REQUIRED TO MAKE
2 ANY REPORT TO THE LOCAL ASSESSOR OR COUNTY COMMISSIONERS OF ITS
3 PERSONAL PROPERTY OWNED BY IT IN ITS OWN RIGHT FOR PURPOSES OF
4 TAXATION AND SHALL NOT BE REQUIRED TO PAY ANY TAX THEREON.

5 SECTION 22. SECTION 701.1 OF THE ACT, AMENDED JULY 25, 2007
6 (P.L.373, NO.55), IS AMENDED TO READ:

7 SECTION 701.1. ASCERTAINMENT OF TAXABLE AMOUNT; EXCLUSION OF
8 UNITED STATES OBLIGATIONS.--(A) [THE TAXABLE AMOUNT OF SHARES
9 SHALL BE ASCERTAINED AND FIXED BY ADDING TOGETHER THE VALUE
10 DETERMINED UNDER SUBSECTION (B) FOR THE CURRENT AND PRECEDING
11 FIVE YEARS AND DIVIDING THE RESULTING SUM BY SIX. IF AN
12 INSTITUTION HAS NOT BEEN IN EXISTENCE FOR A PERIOD OF SIX YEARS,
13 THE TAXABLE AMOUNT OF SHARES SHALL BE ASCERTAINED AND FIXED BY
14 ADDING TOGETHER THE VALUES DETERMINED UNDER SUBSECTION (B) FOR
15 THE NUMBER OF YEARS THE INSTITUTION HAS BEEN IN EXISTENCE AND
16 DIVIDING THE RESULTING SUM BY SUCH NUMBER OF YEARS.] THE TAXABLE
17 AMOUNT OF SHARES SHALL BE ASCERTAINED AND FIXED BY THE BOOK
18 VALUE OF TOTAL BANK EQUITY CAPITAL AS DETERMINED BY THE REPORTS
19 OF CONDITION AT THE END OF THE PRECEDING CALENDAR YEAR IN
20 ACCORDANCE WITH THE REQUIREMENTS OF THE BOARD OF GOVERNORS OF
21 THE FEDERAL RESERVE SYSTEM, THE COMPTROLLER OF THE CURRENCY, THE
22 FEDERAL DEPOSIT INSURANCE CORPORATION OR OTHER APPLICABLE
23 REGULATORY AUTHORITY.

24 (B) [THE VALUE FOR EACH YEAR REQUIRED BY SUBSECTION (A)
25 SHALL BE DETERMINED BY DEDUCTING FROM THE BOOK VALUE OF TOTAL
26 EQUITY CAPITAL] A DEDUCTION FOR THE VALUE OF UNITED STATES
27 OBLIGATIONS SHALL BE PROVIDED FROM THE TAXABLE AMOUNT OF SHARES
28 IN AN AMOUNT EQUAL TO THE SAME PERCENTAGE OF TOTAL BANK EQUITY
29 CAPITAL AS THE BOOK VALUE OF OBLIGATIONS OF THE UNITED STATES
30 BEARS TO THE BOOK VALUE OF THE TOTAL ASSETS, EXCEPT THAT, FOR

1 THE VALUE OF SHARES REPORTED ON TAX RETURNS DUE ON MARCH 15,
2 2008, AND THEREAFTER, ANY GOODWILL RECORDED AS A RESULT OF THE
3 USE OF PURCHASE ACCOUNTING FOR AN ACQUISITION OR COMBINATION AS
4 DESCRIBED IN THIS SECTION AND OCCURRING AFTER JUNE 30, 2001, MAY
5 BE SUBTRACTED FROM THE BOOK VALUE OF TOTAL BANK EQUITY CAPITAL
6 AND DISREGARDED IN DETERMINING THE DEDUCTION PROVIDED FOR
7 OBLIGATIONS OF THE UNITED STATES. [FOR THE SIX-YEAR PERIOD
8 DESCRIBED IN SUBSECTION (A). FOR PURPOSES OF THIS SUBSECTION,
9 BOOK VALUES AND DEDUCTIONS FOR UNITED STATES OBLIGATIONS FOR
10 EACH YEAR SHALL BE DETERMINED BY THE REPORTS OF CONDITION FOR
11 EACH CALENDAR QUARTER OF THE PRECEDING CALENDAR YEAR IN
12 ACCORDANCE WITH THE REQUIREMENTS OF THE BOARD OF GOVERNORS OF
13 THE FEDERAL RESERVE SYSTEM, THE COMPTROLLER OF THE CURRENCY, THE
14 FEDERAL DEPOSIT INSURANCE CORPORATION OR OTHER APPLICABLE
15 REGULATORY AUTHORITY; AND BOOK VALUES SHALL BE AVERAGED AS
16 CALCULATED BY AVERAGING BOOK VALUES AS DETERMINED BY SUCH
17 REPORTS OF CONDITION.] FOR PURPOSES OF THIS ARTICLE, UNITED
18 STATES OBLIGATIONS SHALL BE OBLIGATIONS COMING WITHIN THE SCOPE
19 OF 31 U.S.C. § 3124. [FOR ANY YEAR IN WHICH AN INSTITUTION DOES
20 NOT FILE FOUR QUARTERLY REPORTS OF CONDITION, BOOK VALUES AND
21 DEDUCTIONS FOR UNITED STATES OBLIGATIONS SHALL BE DETERMINED BY
22 ADDING TOGETHER THE BOOK VALUES AND DEDUCTIONS FOR UNITED STATES
23 OBLIGATIONS FROM EACH QUARTERLY REPORTS OF CONDITION FILED FOR
24 SUCH YEAR AND DIVIDING THE RESULTING SUMS BY THE NUMBER OF SUCH
25 REPORTS OF CONDITION.] IN THE CASE OF INSTITUTIONS WHICH DO NOT
26 FILE SUCH REPORTS OF CONDITION, BOOK VALUES SHALL BE DETERMINED
27 BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AS OF THE END OF
28 [EACH CALENDAR QUARTER. FOR ANY YEAR IN WHICH AN INSTITUTION
29 WHICH DOES NOT FILE REPORTS OF CONDITION IS NOT IN EXISTENCE FOR
30 FOUR QUARTERS, THE BOOK VALUE FOR THAT YEAR SHALL BE DETERMINED

1 BY ADDING TOGETHER THE BOOK VALUES FOR EACH QUARTER IN WHICH THE
2 INSTITUTION WAS IN EXISTENCE AND DIVIDING BY THAT NUMBER OF
3 QUARTERS. FOR PURPOSES OF THIS SECTION, A PARTIAL YEAR SHALL BE
4 TREATED AS A FULL YEAR.] THE PRECEDING CALENDAR YEAR.

5 (C) FOR PURPOSES OF THIS SECTION:

6 (1) A MERE CHANGE IN IDENTITY, FORM OR PLACE OF ORGANIZATION
7 OF ONE INSTITUTION, HOWEVER EFFECTED, SHALL BE TREATED AS IF A
8 SINGLE INSTITUTION HAD BEEN IN EXISTENCE PRIOR TO AS WELL AS
9 AFTER SUCH CHANGE; AND

10 (2) [THE] IF THERE IS A COMBINATION OF TWO OR MORE
11 INSTITUTIONS INTO ONE [SHALL BE TREATED AS IF THE CONSTITUENT
12 INSTITUTIONS HAD BEEN A SINGLE INSTITUTION IN EXISTENCE PRIOR TO
13 AS WELL AS AFTER THE COMBINATION AND], THE BOOK VALUES AND
14 DEDUCTIONS FOR UNITED STATES OBLIGATIONS FROM THE REPORTS OF
15 CONDITION OF THE CONSTITUENT INSTITUTIONS SHALL BE COMBINED. FOR
16 PURPOSES OF THIS SECTION, A COMBINATION SHALL INCLUDE ANY
17 ACQUISITION REQUIRED TO BE ACCOUNTED FOR BY USING THE PURCHASE
18 METHOD IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING
19 PRINCIPLES OR A STATUTORY MERGER OR CONSOLIDATION.

20 SECTION 23. SECTIONS 701.4 AND 701.5 OF THE ACT, ADDED JUNE
21 16, 1994 (P.L.279, NO.48), ARE AMENDED TO READ:

22 SECTION 701.4. APPORTIONMENT.--AN INSTITUTION MAY APPORTION
23 ITS TAXABLE AMOUNT OF SHARES DETERMINED UNDER SECTION 701.1 IN
24 ACCORDANCE WITH THIS SUBSECTION IF THE INSTITUTION IS SUBJECT TO
25 TAX IN ANOTHER STATE BASED ON OR MEASURED BY NET WORTH, GROSS
26 RECEIPTS, NET INCOME OR SOME SIMILAR BASE OF TAXATION, OR IF IT
27 COULD BE SUBJECT TO SUCH TAX, WHETHER OR NOT SUCH A TAX HAS IN
28 FACT BEEN ENACTED. THE FOLLOWING SHALL APPLY:

29 (1) [THE] (I) FOR CALENDAR YEARS BEGINNING PRIOR TO JANUARY
30 1, 2014, THE TAXABLE AMOUNT OF SHARES SHALL BE APPORTIONED IN

1 ACCORDANCE WITH A FRACTION, THE NUMERATOR OF WHICH IS THE SUM OF
2 THE PAYROLL FACTOR, THE RECEIPTS FACTOR AND THE DEPOSITS FACTOR,
3 AND THE DENOMINATOR OF WHICH IS THREE. IF ONE OF THE FACTORS IS
4 INAPPLICABLE, THE DENOMINATOR IS TWO. IF TWO OF THE FACTORS ARE
5 INAPPLICABLE, THE DENOMINATOR IS ONE.

6 (II) FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2014, AND
7 EACH CALENDAR YEAR THEREAFTER, THE TAXABLE AMOUNT OF SHARES
8 SHALL BE APPORTIONED BASED UPON THE RECEIPTS FACTOR AND THE
9 PAYROLL AND DEPOSITS FACTORS SHALL BE DISREGARDED.

10 (2) THE PAYROLL FACTOR IS A FRACTION, THE NUMERATOR OF WHICH
11 IS THE TOTAL WAGES PAID IN THIS COMMONWEALTH AND THE DENOMINATOR
12 OF WHICH IS THE TOTAL WAGES PAID IN ALL STATES. WAGES ARE PAID
13 IN A STATE IF PAID TO AN EMPLOYEE HAVING A REGULAR PRESENCE
14 THEREIN.

15 (3) THE RECEIPTS FACTOR IS A FRACTION, THE NUMERATOR OF
16 WHICH IS TOTAL RECEIPTS LOCATED IN THIS COMMONWEALTH AND THE
17 DENOMINATOR OF WHICH IS THE TOTAL RECEIPTS LOCATED IN ALL
18 STATES. [RECEIPTS DO NOT INCLUDE PRINCIPAL REPAYMENTS ON LOANS
19 OR CREDIT, TRAVEL AND ENTERTAINMENT CARDS. RECEIPTS FROM SALE OR
20 DISPOSITION OF INTANGIBLE AND TANGIBLE PROPERTY INCLUDE ONLY THE
21 NET GAIN THEREFROM.] THE METHOD OF CALCULATING RECEIPTS FOR
22 PURPOSES OF THE DENOMINATOR SHALL BE THE SAME AS THE METHOD USED
23 IN DETERMINING RECEIPTS FOR PURPOSES OF THE NUMERATOR. THE
24 LOCATION OF RECEIPTS SHALL BE DETERMINED AS FOLLOWS:

25 [(I) RECEIPTS FROM LOANS ARE LOCATED AT THE PLACE OF
26 ORIGINATION.

27 (II) ALL RECEIPTS FROM PERFORMANCE OF SERVICES ARE LOCATED
28 IN A STATE TO THE EXTENT THE SERVICES ARE PERFORMED IN THE
29 STATE. IF SERVICES ARE PERFORMED PARTLY WITHIN TWO OR MORE
30 STATES, THE RECEIPTS LOCATED IN EACH STATE SHALL BE MEASURED BY

1 THE RATIO WHICH THE TIME SPENT IN PERFORMING SUCH SERVICES IN
2 THE STATE BEARS TO THE TOTAL TIME SPENT IN PERFORMING SUCH
3 SERVICES IN ALL STATES. TIME SPENT IN PERFORMING SERVICES IN A
4 STATE IS THE TIME SPENT BY EMPLOYES HAVING A REGULAR PRESENCE IN
5 THE STATE IN PERFORMING SUCH SERVICES.

6 (III) RECEIPTS FROM LEASE TRANSACTIONS ARE LOCATED IN THE
7 STATE IN WHICH THE LEASED PROPERTY IS DEEMED LOCATED.

8 (IV) INTEREST OR SERVICE CHARGES, EXCLUDING MERCHANT
9 DISCOUNTS, FROM CREDIT, TRAVEL AND ENTERTAINMENT CARD
10 RECEIVABLES AND CREDIT CARD HOLDERS' FEES ARE LOCATED IN THE
11 STATE IN WHICH THE CREDIT CARD HOLDER RESIDES IN THE CASE OF AN
12 INDIVIDUAL OR, IF A CORPORATION, IN THE STATE OF THE
13 CARDHOLDER'S COMMERCIAL DOMICILE IF, IN EITHER CASE, THE
14 INSTITUTION MAINTAINS AN OFFICE IN SUCH STATE. OTHERWISE, THE
15 RECEIPTS ARE LOCATED IN THE STATE IN WHICH THE INSTITUTION
16 MAINTAINS AN OFFICE WHICH TREATS SUCH RECEIVABLES AS ASSETS ON
17 ITS BOOKS OR RECORDS.

18 (V) INTEREST, DIVIDENDS AND NET GAINS FROM THE SALE OR
19 DISPOSITION OF INTANGIBLES, EXCLUSIVE OF THOSE RECEIPTS
20 DESCRIBED ELSEWHERE IN THIS SECTION, ARE LOCATED IN THE STATE IN
21 WHICH THE INSTITUTION MAINTAINS AN OFFICE WHICH TREATS SUCH
22 INTANGIBLES AS ASSETS ON ITS BOOKS OR RECORDS.

23 (VI) FEES OR CHARGES FROM THE ISSUANCE OF TRAVELER'S CHECKS
24 AND MONEY ORDERS ARE LOCATED IN THE STATE IN WHICH SUCH
25 TRAVELER'S CHECKS OR MONEY ORDERS ARE ISSUED.

26 (VII) RECEIPTS FROM SALES OF TANGIBLE PROPERTY ARE LOCATED
27 IN THE STATE IN WHICH THE PROPERTY IS DELIVERED OR SHIPPED TO A
28 PURCHASER, REGARDLESS OF THE F.O.B. POINT OR OTHER CONDITIONS OF
29 THE SALE.

30 (VIII) ALL RECEIPTS NOT SPECIFICALLY TREATED UNDER THIS

1 SUBSECTION ARE LOCATED IN THE STATE WHERE THE GREATEST PORTION
2 OF THE INCOME-PRODUCING ACTIVITIES ARE PERFORMED, BASED ON COSTS
3 OF PERFORMANCE.]

4 (I) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE
5 RECEIPTS FROM THE LEASE OR RENTAL OF REAL PROPERTY OWNED BY THE
6 INSTITUTION IF THE PROPERTY IS LOCATED WITHIN THIS COMMONWEALTH
7 OR RECEIPTS FROM THE SUBLEASE OF REAL PROPERTY IF THE PROPERTY
8 IS LOCATED WITHIN THIS COMMONWEALTH.

9 (II) THE FOLLOWING SHALL APPLY TO RECEIPTS FROM THE LEASE OR
10 RENTAL OF TANGIBLE PERSONAL PROPERTY OWNED BY THE INSTITUTION:

11 (A) EXCEPT AS PROVIDED UNDER CLAUSE (B), THE NUMERATOR OF
12 THE RECEIPTS FACTOR SHALL INCLUDE RECEIPTS FROM THE LEASE OR
13 RENTAL OF TANGIBLE PERSONAL PROPERTY OWNED BY THE INSTITUTION IF
14 THE PROPERTY IS LOCATED WITHIN THIS COMMONWEALTH WHEN IT IS
15 FIRST PLACED IN SERVICE BY THE LESSEE.

16 (B) THE FOLLOWING SHALL APPLY:

17 (I) RECEIPTS FROM THE LEASE OR RENTAL OF TRANSPORTATION
18 PROPERTY OWNED BY THE INSTITUTION SHALL BE INCLUDED IN THE
19 NUMERATOR OF THE RECEIPTS FACTOR TO THE EXTENT THAT THE PROPERTY
20 IS USED IN THIS COMMONWEALTH.

21 (II) THE EXTENT AN AIRCRAFT SHALL BE DEEMED TO BE USED IN
22 THIS COMMONWEALTH AND THE AMOUNT OF RECEIPTS THAT SHALL BE
23 INCLUDED IN THE NUMERATOR OF THIS COMMONWEALTH'S RECEIPTS FACTOR
24 SHALL BE DETERMINED BY MULTIPLYING ALL THE RECEIPTS FROM THE
25 LEASE OR RENTAL OF THE AIRCRAFT BY A FRACTION, THE NUMERATOR OF
26 WHICH IS THE NUMBER OF LANDINGS OF THE AIRCRAFT IN THIS
27 COMMONWEALTH AND THE DENOMINATOR OF WHICH IS THE TOTAL NUMBER OF
28 LANDINGS OF THE AIRCRAFT.

29 (III) A MOTOR VEHICLE SHALL BE DEEMED TO BE USED WHOLLY IN
30 THE STATE IN WHICH IT IS REGISTERED.

1 (IV) IF THE EXTENT OF THE USE OF TRANSPORTATION PROPERTY
2 WITHIN THIS COMMONWEALTH CANNOT BE DETERMINED, THE PROPERTY
3 SHALL BE DEEMED TO BE USED WHOLLY IN THE STATE IN WHICH THE
4 PROPERTY HAS ITS PRINCIPAL BASE OF OPERATIONS.

5 (III) THE FOLLOWING SHALL APPLY TO INTEREST, FEES AND
6 PENALTIES IN CONNECTION WITH LOANS SECURED BY REAL PROPERTY:

7 (A) THE FOLLOWING SHALL APPLY TO A CALCULATION UNDER THIS
8 SUBPARAGRAPH:

9 (I) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE
10 INTEREST, FEES AND PENALTIES IMPOSED IN CONNECTION WITH LOANS
11 SECURED BY REAL PROPERTY IF THE PROPERTY IS LOCATED WITHIN THIS
12 COMMONWEALTH.

13 (II) IF THE REAL PROPERTY UNDER SUBCLAUSE (I) IS LOCATED
14 BOTH WITHIN THIS COMMONWEALTH AND ONE OR MORE OTHER STATES, THE
15 RECEIPTS UNDER THIS SUBSECTION SHALL BE INCLUDED IN THE
16 NUMERATOR OF THE RECEIPTS FACTOR IF MORE THAN FIFTY PER CENT OF
17 THE FAIR MARKET VALUE OF THE REAL PROPERTY IS LOCATED WITHIN
18 THIS COMMONWEALTH.

19 (III) IF MORE THAN FIFTY PER CENT OF THE FAIR MARKET VALUE
20 OF REAL PROPERTY UNDER SUBCLAUSE (I) IS NOT LOCATED WITHIN ANY
21 SINGLE STATE, THE RECEIPTS UNDER THIS SUBSECTION SHALL BE
22 INCLUDED IN THE NUMERATOR OF THE RECEIPTS FACTOR IF THE BORROWER
23 IS LOCATED IN THIS COMMONWEALTH.

24 (B) THE DETERMINATION OF WHETHER REAL PROPERTY SECURING A
25 LOAN IS LOCATED WITHIN THIS COMMONWEALTH SHALL BE MADE AS OF THE
26 TIME THE ORIGINAL AGREEMENT WAS MADE AND ALL SUBSEQUENT
27 SUBSTITUTIONS OF COLLATERAL SHALL BE DISREGARDED.

28 (IV) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE
29 INTEREST, FEES AND PENALTIES IMPOSED IN CONNECTION WITH LOANS
30 NOT SECURED BY REAL PROPERTY IF THE BORROWER IS LOCATED IN THIS

1 COMMONWEALTH.

2 (V) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE NET
3 GAINS FROM THE SALE OF LOANS. NET GAINS FROM THE SALE OF A LOAN
4 SHALL INCLUDE INCOME RECORDED UNDER THE COUPON STRIPPING RULES
5 OF SECTION 1286 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW
6 99-514, 26 U.S.C. § 1286). THE FOLLOWING SHALL APPLY:

7 (A) THE AMOUNT OF NET GAINS, EQUAL TO ZERO OR ABOVE, FROM
8 THE SALE OF LOANS SECURED BY REAL PROPERTY INCLUDED IN THE
9 NUMERATOR SHALL BE DETERMINED BY MULTIPLYING THE NET GAINS BY A
10 FRACTION, THE NUMERATOR OF WHICH IS THE AMOUNT INCLUDED IN THE
11 NUMERATOR OF THE RECEIPTS FACTOR UNDER SUBPARAGRAPH (III) AND
12 THE DENOMINATOR OF WHICH IS THE TOTAL AMOUNT OF INTEREST AND
13 FEES OR PENALTIES IN THE NATURE OF INTEREST FROM LOANS SECURED
14 BY REAL PROPERTY.

15 (B) THE AMOUNT OF NET GAINS, EQUAL TO ZERO OR ABOVE, FROM
16 THE SALE OF LOANS NOT SECURED BY REAL PROPERTY INCLUDED IN THE
17 NUMERATOR SHALL BE DETERMINED BY MULTIPLYING THE NET GAINS BY A
18 FRACTION, THE NUMERATOR OF WHICH IS THE AMOUNT INCLUDED IN THE
19 NUMERATOR OF THE RECEIPTS FACTOR UNDER SUBPARAGRAPH (IV) AND THE
20 DENOMINATOR OF WHICH IS THE TOTAL AMOUNT OF INTEREST AND FEES OR
21 PENALTIES IN THE NATURE OF INTEREST FROM LOANS NOT SECURED BY
22 REAL PROPERTY.

23 (VI) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE
24 INTEREST, FEES AND PENALTIES CHARGED TO CREDIT, DEBIT OR SIMILAR
25 CARDHOLDERS, INCLUDING ANNUAL FEES AND OVERDRAFT FEES, IF THE
26 BILLING ADDRESS OF THE CARDHOLDER IS IN THIS COMMONWEALTH.

27 (VII) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE NET
28 GAINS, EQUAL TO ZERO OR ABOVE, FROM THE SALE OF CREDIT CARD
29 RECEIVABLES MULTIPLIED BY A FRACTION, THE NUMERATOR OF WHICH IS
30 THE AMOUNT INCLUDED IN THE NUMERATOR OF THE RECEIPTS FACTOR

1 UNDER SUBPARAGRAPH (VI) AND THE DENOMINATOR OF WHICH IS THE
2 INSTITUTION'S TOTAL AMOUNT OF INTEREST AND FEES OR PENALTIES IN
3 THE NATURE OF INTEREST FROM CREDIT CARD RECEIVABLES AND FEES
4 CHARGED TO CARDHOLDERS.

5 (VIII) FOR CARD ISSUER'S REIMBURSEMENT FEES, THE NUMERATOR
6 OF THE RECEIPTS FACTOR SHALL INCLUDE:

7 (A) ALL CREDIT CARD ISSUER'S REIMBURSEMENT FEES MULTIPLIED
8 BY A FRACTION, THE NUMERATOR OF WHICH IS THE AMOUNT OF FEES,
9 INTEREST AND PENALTIES CHARGED TO CREDIT CARDHOLDERS INCLUDED IN
10 THE NUMERATOR OF THE RECEIPTS FACTOR UNDER SUBPARAGRAPH (VI) AND
11 THE DENOMINATOR OF WHICH IS THE INSTITUTION'S TOTAL AMOUNT FEES,
12 INTEREST AND PENALTIES CHARGED TO CREDIT CARDHOLDERS.

13 (B) ALL CARD ISSUER'S REIMBURSEMENT FEES, EXCEPT AS PROVIDED
14 UNDER CLAUSE (A), MULTIPLIED BY A FRACTION, THE NUMERATOR OF
15 WHICH IS THE AMOUNT OF THE FEES, INTEREST AND PENALTIES CHARGED
16 TO ALL OTHER CARDHOLDERS INCLUDED IN THE NUMERATOR OF THE
17 RECEIPTS FACTOR UNDER SUBPARAGRAPH (VI) AND THE DENOMINATOR OF
18 WHICH IS THE INSTITUTION'S TOTAL AMOUNT OF FEES, INTEREST AND
19 PENALTIES CHARGED TO ALL OTHER CARDHOLDERS.

20 (IX) THE FOLLOWING SHALL APPLY TO RECEIPTS FROM MERCHANT'S
21 DISCOUNTS:

22 (A) IF THE INSTITUTION CAN READILY DETERMINE THE LOCATION OF
23 THE MERCHANT AND IF THE MERCHANT IS IN THIS COMMONWEALTH, THE
24 NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE RECEIPTS FROM
25 MERCHANT DISCOUNT.

26 (B) IF THE INSTITUTION CANNOT READILY DETERMINE THE LOCATION
27 OF THE MERCHANT, THE NUMERATOR OF THE RECEIPTS FACTOR SHALL
28 INCLUDE THE RECEIPTS FROM THE MERCHANT DISCOUNT MULTIPLIED BY A
29 FRACTION:

30 (I) FOR A MERCHANT DISCOUNT RELATED TO THE USE OF A CREDIT

1 CARD, THE NUMERATOR OF WHICH SHALL BE THE AMOUNT OF FEES,
2 INTEREST AND PENALTIES CHARGED TO CREDIT CARDHOLDERS THAT IS
3 INCLUDED IN THE NUMERATOR OF THE RECEIPTS FACTOR UNDER
4 SUBPARAGRAPH (VI) AND THE DENOMINATOR OF WHICH IS THE
5 INSTITUTION'S TOTAL AMOUNT OF FEES, INTEREST AND PENALTIES
6 CHARGED TO CREDIT CARDHOLDERS.

7 (II) FOR A MERCHANT DISCOUNT RELATED TO THE USE OF A DEBIT
8 CARD, THE NUMERATOR OF WHICH SHALL BE THE AMOUNT OF FEES,
9 INTEREST AND PENALTIES CHARGED TO DEBIT CARDHOLDERS THAT IS
10 INCLUDED IN THE NUMERATOR OF THE RECEIPTS FACTOR UNDER
11 SUBPARAGRAPH (VI) AND THE DENOMINATOR OF WHICH IS THE
12 INSTITUTION'S TOTAL AMOUNT OF FEES, INTEREST AND PENALTIES
13 CHARGED TO DEBIT CARDHOLDERS.

14 (III) FOR A MERCHANT DISCOUNT RELATED TO THE USE OF CARDS,
15 EXCEPT AS PROVIDED UNDER SUBCLAUSES (I) AND (II), THE NUMERATOR
16 OF WHICH SHALL BE THE AMOUNT OF FEES, INTEREST AND PENALTIES
17 CHARGED TO ALL OTHER CARDHOLDERS THAT IS INCLUDED IN THE
18 NUMERATOR OF THE RECEIPTS FACTORS UNDER SUBPARAGRAPH (VI) AND
19 THE DENOMINATOR OF WHICH IS THE INSTITUTION'S TOTAL AMOUNT OF
20 FEES, INTEREST AND PENALTIES CHARGED TO ALL OTHER CARDHOLDERS.

21 (X) THE RECEIPTS FACTOR SHALL INCLUDE AUTOMATED TELLER
22 MACHINE FEES THAT ARE NOT FORWARDED DIRECTLY TO ANOTHER BANK.
23 THE FOLLOWING SHALL APPLY:

24 (A) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE FEES
25 CHARGED TO A CARDHOLDER FOR THE USE AT AN AUTOMATED TELLER
26 MACHINE OF A CARD ISSUED BY THE INSTITUTION IF THE CARDHOLDER'S
27 BILLING ADDRESS IS IN THIS COMMONWEALTH.

28 (B) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE FEES
29 CHARGED TO A CARDHOLDER, OTHER THAN THE INSTITUTION'S
30 CARDHOLDER, FOR THE USE OF THE CARD AT AN AUTOMATED TELLER

1 MACHINE OWNED OR RENTED BY THE INSTITUTION, IF THE AUTOMATED
2 TELLER MACHINE IS IN THIS COMMONWEALTH.

3 (XI) THE FOLLOWING SHALL APPLY TO LOAN SERVICING FEES:

4 (A) (I) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE
5 LOAN SERVICING FEES DERIVED FROM LOANS SECURED BY REAL PROPERTY
6 MULTIPLIED BY A FRACTION, THE NUMERATOR OF WHICH IS THE AMOUNT
7 INCLUDED IN THE NUMERATOR OF THE RECEIPTS FACTOR UNDER
8 SUBPARAGRAPH (III) AND THE DENOMINATOR OF WHICH IS THE TOTAL
9 AMOUNT OF INTEREST AND FEES OR PENALTIES IN THE NATURE OF
10 INTEREST FROM LOANS SECURED BY REAL PROPERTY.

11 (II) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE LOAN
12 SERVICING FEES DERIVED FROM LOANS NOT SECURED BY REAL PROPERTY
13 MULTIPLIED BY A FRACTION, THE NUMERATOR OF WHICH IS THE AMOUNT
14 INCLUDED IN THE NUMERATOR OF THE RECEIPTS FACTOR UNDER
15 SUBPARAGRAPH (IV) AND THE DENOMINATOR OF WHICH IS THE TOTAL
16 AMOUNT OF INTEREST AND FEES OR PENALTIES IN THE NATURE OF
17 INTEREST FROM LOANS NOT SECURED BY REAL PROPERTY.

18 (B) IF THE INSTITUTION RECEIVES LOAN SERVICING FEES FOR
19 SERVICING THE SECURED OR THE UNSECURED LOANS OF ANOTHER
20 INSTITUTION, THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE
21 LOAN SERVICING FEES IF THE BORROWER IS LOCATED IN THIS
22 COMMONWEALTH.

23 (XII) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE
24 RECEIPTS FROM SERVICES NOT OTHERWISE APPORTIONED UNDER THIS
25 SECTION IF THE RECIPIENT OF THE SERVICES RECEIVES ALL OF THE
26 BENEFIT OF THE SERVICES IN THIS COMMONWEALTH. IF THE RECIPIENT
27 OF THE SERVICES RECEIVES SOME OF THE BENEFIT OF THE SERVICES IN
28 THIS COMMONWEALTH, THE RECEIPTS SHALL BE INCLUDED IN THE
29 NUMERATOR OF THE APPORTIONMENT FACTOR IN PROPORTION TO THE
30 EXTENT THAT THE RECIPIENT RECEIVES BENEFIT OF THE SERVICES IN

1 THIS COMMONWEALTH.

2 (XIII) THE FOLLOWING SHALL APPLY TO RECEIPTS FROM AN
3 INSTITUTION'S INVESTMENT ASSETS AND ACTIVITY AND TRADING ASSETS
4 AND ACTIVITY:

5 (A) INTEREST, DIVIDENDS, NET GAINS EQUAL TO ZERO OR ABOVE,
6 AND OTHER INCOME FROM INVESTMENT ASSETS AND ACTIVITIES AND FROM
7 TRADING ASSETS AND ACTIVITIES, SHALL BE INCLUDED IN THE RECEIPTS
8 FACTOR. INVESTMENT ASSETS AND ACTIVITIES AND TRADING ASSETS AND
9 ACTIVITIES SHALL INCLUDE INVESTMENT SECURITIES, TRADING ACCOUNT
10 ASSETS, FEDERAL FUNDS, SECURITIES PURCHASED AND SOLD UNDER
11 AGREEMENTS TO RESELL OR REPURCHASE, OPTIONS, FUTURES CONTRACTS,
12 FORWARD CONTRACTS, NOTIONAL PRINCIPAL CONTRACTS SUCH AS SWAPS,
13 EQUITIES AND FOREIGN CURRENCY TRANSACTIONS. FOR THE INVESTMENT
14 AND TRADING ASSETS AND ACTIVITIES UNDER SUBCLAUSES (I) AND (II),
15 THE RECEIPTS FACTOR SHALL INCLUDE THE AMOUNTS UNDER SUBCLAUSES
16 (I) AND (II). THE FOLLOWING SHALL APPLY:

17 (I) THE RECEIPTS FACTOR SHALL INCLUDE THE AMOUNT BY WHICH
18 INTEREST FROM FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER
19 RESALE AGREEMENTS EXCEEDS INTEREST EXPENSE ON FEDERAL FUNDS
20 PURCHASED AND SECURITIES SOLD UNDER REPURCHASE AGREEMENTS.

21 (II) THE RECEIPTS FACTOR SHALL INCLUDE THE AMOUNT BY WHICH
22 INTEREST, DIVIDENDS, GAINS AND OTHER INCOME FROM TRADING ASSETS
23 AND ACTIVITIES, INCLUDING ASSETS AND ACTIVITIES IN THE MATCHED
24 BOOK, IN THE ARBITRAGE BOOK AND FOREIGN CURRENCY TRANSACTIONS,
25 EXCEED AMOUNTS PAID IN LIEU OF INTEREST, AMOUNTS PAID IN LIEU OF
26 DIVIDENDS AND LOSSES FROM THE ASSETS AND ACTIVITIES.

27 (B) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE
28 INTEREST, DIVIDENDS, NET GAINS, EQUAL TO ZERO OR ABOVE, AND
29 OTHER INCOME FROM INVESTMENT ASSETS AND ACTIVITIES AND FROM
30 TRADING ASSETS AND ACTIVITIES UNDER CLAUSE (A) THAT ARE

1 ATTRIBUTABLE TO THIS COMMONWEALTH USING ONE OF THE FOLLOWING
2 ALTERNATIVE METHODS:

3 (I) METHOD 1. THE NUMERATOR SHALL BE DETERMINED BY
4 MULTIPLYING THE TOTAL AMOUNT OF RECEIPTS FROM TRADING ASSETS AND
5 ACTIVITIES UNDER CLAUSE (A) BY A FRACTION THE NUMERATOR OF WHICH
6 IS THE TOTAL AMOUNT OF ALL OTHER RECEIPTS ATTRIBUTABLE TO THIS
7 COMMONWEALTH AND THE DENOMINATOR OF WHICH IS THE TOTAL AMOUNT OF
8 ALL OTHER RECEIPTS.

9 (II) METHOD 2. THE NUMERATOR SHALL BE DETERMINED BY
10 MULTIPLYING THE TOTAL AMOUNT OF RECEIPTS UNDER CLAUSE (A) BY A
11 FRACTION THE NUMERATOR OF WHICH IS THE AVERAGE VALUE OF THE
12 ASSETS WHICH GENERATE THE RECEIPTS WHICH ARE PROPERLY ASSIGNED
13 TO A REGULAR PLACE OF BUSINESS OF THE INSTITUTION WITHIN THIS
14 COMMONWEALTH AND THE DENOMINATOR OF WHICH IS THE AVERAGE VALUE
15 OF ALL SUCH ASSETS.

16 (C) UPON THE ELECTION BY THE INSTITUTION TO USE ONE OF THE
17 METHODS UNDER CLAUSE (B), THE INSTITUTION SHALL USE THE METHOD
18 ON ALL SUBSEQUENT RETURNS UNLESS THE INSTITUTION RECEIVES PRIOR
19 PERMISSION FROM THE DEPARTMENT OF REVENUE TO USE A DIFFERENT
20 METHOD.

21 (D) THE FOLLOWING SHALL APPLY:

22 (I) AN INSTITUTION ELECTING TO USE METHOD 2 SHALL HAVE THE
23 BURDEN OF PROVING THAT AN INVESTMENT ASSET OR ACTIVITY OR
24 TRADING ASSET OR ACTIVITY WAS PROPERLY ASSIGNED TO A REGULAR
25 PLACE OF BUSINESS OUTSIDE OF THIS COMMONWEALTH BY DEMONSTRATING
26 THAT THE DAY-TO-DAY DECISIONS REGARDING THE ASSET OR ACTIVITY
27 OCCURRED AT A REGULAR PLACE OF BUSINESS OUTSIDE THIS
28 COMMONWEALTH.

29 (II) IF THE DAY-TO-DAY DECISIONS REGARDING AN INVESTMENT
30 ASSET OR ACTIVITY OR TRADING ASSET OR ACTIVITY OCCUR AT MORE

1 THAN ONE REGULAR PLACE OF BUSINESS AND ONE REGULAR PLACE OF
2 BUSINESS IS IN THIS COMMONWEALTH AND ONE REGULAR PLACE OF
3 BUSINESS IS OUTSIDE THIS COMMONWEALTH, THE ASSET OR ACTIVITY
4 SHALL BE CONSIDERED TO BE LOCATED AT THE REGULAR PLACE OF
5 BUSINESS OF THE INSTITUTION WHERE THE INVESTMENT OR TRADING
6 POLICIES OR GUIDELINES WITH RESPECT TO THE ASSET OR ACTIVITY ARE
7 ESTABLISHED.

8 (III) UNLESS THE INSTITUTION DEMONSTRATES TO THE CONTRARY,
9 THE INVESTMENT OR TRADING POLICIES AND GUIDELINES UNDER
10 SUBCLAUSE (II) SHALL BE PRESUMED TO BE ESTABLISHED AT THE
11 COMMERCIAL DOMICILE OF THE INSTITUTION.

12 (E) RECEIPTS APPORTIONED UNDER THIS SUBPARAGRAPH SHALL BE
13 SEPARATELY APPORTIONED FOR:

14 (I) INTEREST, DIVIDENDS, NET GAINS AND OTHER INCOME FROM
15 INVESTMENT ASSETS AND ACTIVITIES IN AN INVESTMENT ACCOUNT;

16 (II) INTEREST FROM FEDERAL FUNDS SOLD AND PURCHASED AND FROM
17 SECURITIES PURCHASED UNDER RESALE AGREEMENTS AND SECURITIES SOLD
18 UNDER REPURCHASE AGREEMENTS; AND

19 (III) INTEREST, DIVIDENDS, GAINS AND OTHER INCOME FROM
20 TRADING ASSETS AND ACTIVITIES, INCLUDING ASSETS AND ACTIVITIES
21 IN THE MATCHED BOOK, IN THE ARBITRAGE BOOK AND FOREIGN CURRENCY
22 TRANSACTIONS.

23 (XIV) THE FOLLOWING SHALL APPLY TO RECEIPTS FROM THE SALE OR
24 DISPOSITION OF PROPERTY:

25 (A) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE
26 RECEIPTS FROM THE SALE OR DISPOSITION OF TANGIBLE PERSONAL
27 PROPERTY IF THE PROPERTY IS DELIVERED OR SHIPPED TO A PURCHASER
28 WITHIN THIS COMMONWEALTH REGARDLESS OF THE F.O.B. POINT OR OTHER
29 CONDITIONS OF THE SALE.

30 (B) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE ALL

1 RECEIPTS FROM THE SALE OR DISPOSITION OF REAL PROPERTY IF THE
2 PROPERTY IS LOCATED IN THIS COMMONWEALTH.

3 (C) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE ALL
4 RECEIPTS FROM THE SALE OR DISPOSITION OF INTANGIBLE PROPERTY IF:

5 (I) THE COMMERCIAL DOMICILE OF THE PURCHASER OR RECIPIENT OF
6 THE PROPERTY IS LOCATED IN THIS COMMONWEALTH; OR

7 (II) IF THE PURCHASER OR RECIPIENT DOES NOT HAVE A
8 COMMERCIAL DOMICILE, THE BILLING ADDRESS OF THE PURCHASER OR
9 RECIPIENT IS LOCATED IN THIS COMMONWEALTH.

10 (XV) THE FOLLOWING SHALL APPLY TO RECEIPTS NOT PROVIDED FOR
11 UNDER THIS PARAGRAPH:

12 (A) THE NUMERATOR OF THE RECEIPTS FACTOR FOR RECEIPTS NOT
13 OTHERWISE APPORTIONED UNDER THIS SECTION SHALL INCLUDE RECEIPTS
14 IF:

15 (I) THE BENEFIT TO THE CUSTOMER IS RECEIVED IN THIS
16 COMMONWEALTH; OR

17 (II) IF THE BILLING ADDRESS OF THE CUSTOMER IS LOCATED
18 WITHIN THIS COMMONWEALTH; AND:

19 (A) THE LOCATION WHERE THE BENEFIT TO THE CUSTOMER IS
20 RECEIVED CANNOT BE DETERMINED;

21 (B) THE COMMERCIAL DOMICILE OF THE CUSTOMER IS IN THIS
22 COMMONWEALTH; OR

23 (C) THE CUSTOMER DOES NOT HAVE A COMMERCIAL DOMICILE.

24 (B) IF RECEIPTS SUBJECT TO THIS PARAGRAPH ARE NOT RECEIVED
25 FROM A CUSTOMER, THE RECEIPTS SHALL BE EXCLUDED FROM BOTH THE
26 NUMERATOR AND DENOMINATOR OF THE RECEIPTS FACTOR.

27 (XVI) FOR PURPOSES OF DETERMINING THE LOCATION WHERE
28 BENEFITS ARE RECEIVED FROM UNDER SUBPARAGRAPHS (XII) AND (XV),
29 IF A SERVICE OR OTHER ACTIVITY GENERATING THE RECEIPTS PROVIDES
30 BENEFITS TO TWO OR MORE RECIPIENTS LOCATED IN DIFFERENT STATES

1 OR PROVIDES BENEFITS TO A RECIPIENT IN MORE THAN ONE STATE, THE
2 LOCATION WHERE BENEFITS ARE RECEIVED MAY BE ESTIMATED USING
3 REASONABLE PROCEDURES TO ESTIMATE THE LOCATIONS IN WHICH
4 BENEFITS ARE RECEIVED.

5 (XVII) RECEIPTS WHICH WOULD BE ASSIGNED UNDER THIS SECTION
6 TO A STATE IN WHICH THE INSTITUTION IS NOT SUBJECT TO A BUSINESS
7 PRIVILEGE TAX, A NET INCOME TAX, A FRANCHISE TAX MEASURED BY NET
8 INCOME, A FRANCHISE TAX FOR THE PRIVILEGE OF DOING BUSINESS OR A
9 CORPORATE STOCK TAX OR SHARES TAX OF THE TYPE IMPOSED UNDER THIS
10 ARTICLE SHALL BE INCLUDED IN THE NUMERATOR OF THE RECEIPTS
11 FACTOR, IF THE INSTITUTION'S COMMERCIAL DOMICILE IS IN THIS
12 COMMONWEALTH.

13 (4) THE DEPOSITS FACTOR IS A FRACTION, THE NUMERATOR OF
14 WHICH IS THE AVERAGE VALUE OF DEPOSITS LOCATED IN THIS
15 COMMONWEALTH DURING THE TAXABLE YEAR AND THE DENOMINATOR OF
16 WHICH IS THE AVERAGE VALUE OF THE TOTAL DEPOSITS DURING THE
17 TAXABLE YEAR. THE AVERAGE VALUE OF DEPOSITS IS TO BE COMPUTED ON
18 A QUARTERLY BASIS. DEPOSITS ARE LOCATED IN THE STATE IN WHICH
19 THE INSTITUTION MAINTAINS AN OFFICE WHICH PROPERLY TREATS THE
20 DEPOSITS AS A LIABILITY ON ITS BOOKS OR RECORDS. A DEPOSIT IS
21 CONSIDERED TO BE PROPERLY TREATED AS A LIABILITY ON THE BOOKS OR
22 RECORDS OF THE OFFICE WITH WHICH IT HAS A GREATER PORTION OF
23 CONTACT. IN DETERMINING WHETHER A DEPOSIT HAS A GREATER PORTION
24 OF CONTACT WITH A PARTICULAR OFFICE, CONSIDERATION IS GIVEN TO:

25 (I) WHETHER THE DEPOSIT ACCOUNT WAS OPENED AT OR TRANSFERRED
26 TO THAT OFFICE BY OR AT THE DIRECTION OF THE DEPOSITOR,
27 REGARDLESS OF WHERE SUBSEQUENT DEPOSITS OR WITHDRAWALS ARE MADE.

28 (II) WHETHER EMPLOYEES REGULARLY CONNECTED WITH THAT OFFICE
29 ARE PRIMARILY RESPONSIBLE FOR SERVICING THE DEPOSITOR'S GENERAL
30 BANKING AND OTHER FINANCIAL NEEDS.

1 (III) WHETHER THE DEPOSIT WAS SOLICITED BY AN EMPLOYEE
2 REGULARLY CONNECTED WITH THAT OFFICE, REGARDLESS OF WHERE SUCH
3 DEPOSIT WAS ACTUALLY SOLICITED.

4 (IV) WHETHER THE TERMS GOVERNING THE DEPOSIT WERE NEGOTIATED
5 BY EMPLOYEES REGULARLY CONNECTED WITH THAT OFFICE, REGARDLESS OF
6 WHERE THE NEGOTIATIONS WERE ACTUALLY CONDUCTED.

7 (V) WHETHER ESSENTIAL RECORDS RELATING TO THE DEPOSIT ARE
8 KEPT AT THAT OFFICE AND WHETHER THE DEPOSIT IS SERVICED AT THAT
9 OFFICE.

10 SECTION 701.5. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
11 PHRASES WHEN USED IN THIS ARTICLE SHALL HAVE THE MEANING
12 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
13 CLEARLY INDICATES A DIFFERENT MEANING:

14 "BILLING ADDRESS." THE LOCATION INDICATED IN THE BOOKS AND
15 RECORDS OF AN INSTITUTION ON THE FIRST DAY OF THE TAXABLE YEAR
16 OR ON A LATER DATE IN THE TAXABLE YEAR WHEN THE CUSTOMER
17 RELATIONSHIP BEGAN, AS THE ADDRESS WHERE A NOTICE, STATEMENT AND
18 BILL RELATING TO A CUSTOMER'S ACCOUNT IS MAILED.

19 "COMMERCIAL DOMICILE." AS FOLLOWS:

20 (1) THE PLACE FROM WHICH A TRADE OR BUSINESS IS PRINCIPALLY
21 MANAGED AND DIRECTED; OR

22 (2) IF A TRADE OR BUSINESS IS ORGANIZED UNDER THE LAWS OF A
23 FOREIGN COUNTRY, THE PERSON'S COMMERCIAL DOMICILE SHALL BE
24 DEEMED TO BE THE STATE OF THE UNITED STATES OR THE DISTRICT OF
25 COLUMBIA FROM WHICH THE INSTITUTION'S TRADE OR BUSINESS IN THE
26 UNITED STATES IS PRINCIPALLY MANAGED AND DIRECTED. IT SHALL BE
27 PRESUMED, SUBJECT TO REBUTTAL, THAT THE LOCATION FROM WHICH A
28 TRADE OR BUSINESS IS PRINCIPALLY MANAGED AND DIRECTED IS THE
29 STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA TO WHICH
30 THE GREATEST NUMBER OF EMPLOYEES ARE REGULARLY CONNECTED OR OUT

1 OF WHICH THEY ARE WORKING, NOTWITHSTANDING WHERE THE SERVICES OF
2 THE EMPLOYEES ARE PERFORMED, AS OF THE LAST DAY OF THE TAXABLE
3 YEAR.

4 "CARD ISSUER'S REIMBURSEMENT FEE." THE FEE AN INSTITUTION
5 RECEIVES FROM A MERCHANT'S BANK BECAUSE ONE OF THE PERSONS TO
6 WHOM THE INSTITUTION HAS ISSUED A CREDIT, DEBIT OR SIMILAR TYPE
7 OF CARD HAS CHARGED MERCHANDISE OR SERVICES TO THE CARD.

8 "CREDIT CARD." A CARD, OR OTHER MEANS OF PROVIDING
9 INFORMATION, THAT ENTITLES THE HOLDER TO CHARGE THE COST OF
10 PURCHASES OR A CASH ADVANCE, AGAINST A LINE OF CREDIT.

11 "DEBIT CARD." A CARD, OR OTHER MEANS OF PROVIDING
12 INFORMATION, THAT ENABLES THE HOLDER TO CHARGE THE COST OF
13 PURCHASES OR CASH WITHDRAWAL, AGAINST THE HOLDER'S BANK ACCOUNT
14 OR A REMAINING BALANCE ON THE CARD.

15 "DEPOSITS." DEPOSITS CONSIST OF THOSE ITEMS SPECIFIED FOR
16 INCLUSION AS SUCH IN QUARTERLY REPORTS OF CONDITION, BUT DO NOT
17 INCLUDE DEPOSITS MADE BY THE FEDERAL GOVERNMENT, ITS AGENCIES OR
18 INSTRUMENTALITIES.

19 "DOING BUSINESS IN THIS COMMONWEALTH." AS FOLLOWS:

20 (1) AN INSTITUTION IS ENGAGED IN DOING BUSINESS IN THIS
21 COMMONWEALTH AND IS SUBJECT TO THE TAX IMPOSED UNDER THIS
22 ARTICLE IF IT SATISFIES ANY OF THE FOLLOWING REQUIREMENTS AND
23 GENERATES GROSS RECEIPTS APPORTIONED TO THIS COMMONWEALTH UNDER
24 SECTION 701.4 IN EXCESS OF \$100,000:

25 (I) THE INSTITUTION HAS AN OFFICE OR BRANCH IN THIS
26 COMMONWEALTH.

27 (II) ONE OR MORE EMPLOYEES, REPRESENTATIVES, INDEPENDENT
28 CONTRACTORS OR AGENTS OF THE INSTITUTION CONDUCT BUSINESS
29 ACTIVITIES OF THE INSTITUTION IN THIS COMMONWEALTH.

30 (III) A PERSON, INCLUDING AN EMPLOYEE, REPRESENTATIVE,

1 INDEPENDENT CONTRACTOR, AGENT OR AFFILIATE OF THE INSTITUTION,
2 OR AN EMPLOYEE, REPRESENTATIVE, INDEPENDENT CONTRACTOR OR AGENT
3 OF AN AFFILIATE OF THE INSTITUTION, DIRECTLY OR INDIRECTLY
4 SOLICITS BUSINESS IN THIS COMMONWEALTH BY OR FOR THE BENEFIT OF
5 THE INSTITUTION, THROUGH:

6 (A) PERSON-TO-PERSON CONTACT, MAIL, TELEPHONE OR OTHER
7 ELECTRONIC MEANS; OR

8 (B) THE USE OF ADVERTISING PUBLISHED, PRODUCED OR
9 DISTRIBUTED IN THIS COMMONWEALTH.

10 (IV) THE INSTITUTION OWNS, LEASES OR USES REAL OR PERSONAL
11 PROPERTY IN THIS COMMONWEALTH TO CONDUCT ITS BUSINESS
12 ACTIVITIES.

13 (V) THE INSTITUTION HOLDS A SECURITY INTEREST, MORTGAGE OR
14 LIEN IN REAL OR PERSONAL PROPERTY LOCATED IN THIS COMMONWEALTH.

15 (VI) A BASIS EXISTS UNDER SECTION 701.4 TO APPORTION THE
16 INSTITUTION'S RECEIPTS TO THIS COMMONWEALTH.

17 (VII) THE INSTITUTION HAS A PHYSICAL PRESENCE IN THIS
18 COMMONWEALTH FOR A PERIOD OF MORE THAN ONE DAY DURING THE TAX
19 YEAR OR CONDUCTS AN ACTIVITY SUFFICIENT TO CREATE A NEXUS IN
20 THIS COMMONWEALTH FOR TAX PURPOSES UNDER THE CONSTITUTION OF THE
21 UNITED STATES.

22 (2) THE TERM SHALL NOT INCLUDE:

23 (I) THE USE BY THE INSTITUTION OF A PROFESSIONAL PERFORMING
24 A SERVICE ON BEHALF OF THE INSTITUTION IN THIS COMMONWEALTH IF
25 THE SERVICES ARE NOT SIGNIFICANTLY ASSOCIATED WITH THE
26 INSTITUTION'S ABILITY TO ESTABLISH AND MAINTAIN A MARKET IN THIS
27 COMMONWEALTH.

28 (II) THE MERE USE OF FINANCIAL INTERMEDIARIES IN THIS
29 COMMONWEALTH BY AN INSTITUTION FOR THE PROCESSING OR TRANSFER OF
30 CHECKS, CREDIT CARD RECEIVABLES, COMMERCIAL PAPER AND SIMILAR

1 ITEMS.

2 "EMPLOYEE." ANY INDIVIDUAL TO WHOM WAGES ARE PAID WITHIN THE
3 MEANING OF 26 U.S.C. § 3401.

4 "INSTITUTION." AS FOLLOWS:

5 (1) THE TERM SHALL MEAN:

6 (I) EVERY BANK OPERATING AS SUCH AND HAVING CAPITAL STOCK
7 WHICH IS INCORPORATED UNDER ANY LAW OF THIS COMMONWEALTH, UNDER
8 THE LAW OF THE UNITED STATES OR UNDER THE LAW OF ANY OTHER
9 JURISDICTION [AND IS LOCATED WITHIN THIS COMMONWEALTH].

10 [(2)] (II) EVERY OPERATING COMPANY HAVING CAPITAL STOCK
11 [LOCATED WITHIN THIS COMMONWEALTH] AND HAVING ANY OF THE POWERS
12 OF COMPANIES ENTITLED TO THE BENEFITS OF AN ACT, ENTITLED "AN
13 ACT CONFERRING UPON CERTAIN FIDELITY, INSURANCE, SAFETY DEPOSIT,
14 TRUST, AND SAVINGS COMPANIES, THE POWERS AND PRIVILEGES OF
15 COMPANIES INCORPORATED UNDER THE PROVISIONS OF SECTION 29 OF AN
16 ACT, ENTITLED 'AN ACT TO PROVIDE FOR THE INCORPORATION AND
17 REGULATION OF CERTAIN CORPORATIONS,' APPROVED APRIL 29, 1874,
18 AND OF THE SUPPLEMENTS THERETO," APPROVED JUNE 27, 1895,
19 COMMONLY KNOWN AS TRUST COMPANIES.

20 [(3)] (III) EVERY COMPANY ORGANIZED AND OPERATING AS A BANK
21 AND TRUST COMPANY OR AS TRUST COMPANY HAVING CAPITAL STOCK
22 [LOCATED IN THIS COMMONWEALTH], WHETHER THE INSTITUTION IS
23 INCORPORATED UNDER ANY LAW OF THIS COMMONWEALTH, THE LAW OF THE
24 UNITED STATES OR ANY LAW OF ANY JURISDICTION. THE TERM SHALL NOT
25 INCLUDE ANY OF SUCH COMPANIES, ALL OF THE SHARES OF CAPITAL
26 STOCK OF WHICH, OTHER THAN SHARES NECESSARY TO QUALIFY
27 DIRECTORS, ARE OWNED BY A COMPANY WHICH IS LIABLE TO PAY TO THE
28 COMMONWEALTH A TAX PURSUANT TO THIS ARTICLE.

29 (IV) A CORPORATION ORGANIZED UNDER 12 U.S.C. CH. 6, SUBCH.
30 II (RELATING TO ORGANIZATION OF CORPORATIONS TO DO FOREIGN

1 BANKING).

2 (V) AN AGENCY OR BRANCH OF A FOREIGN DEPOSITORY AS DEFINED
3 IN 12 U.S.C. § 3101 (RELATING TO DEFINITIONS).

4 (2) THE TERM SHALL NOT INCLUDE A "MUTUAL THRIFT INSTITUTION"
5 OR "INSTITUTION," AS DEFINED IN SECTION 1501, WHICH IS SUBJECT
6 TO THE TAX IMPOSED UNDER ARTICLE XV.

7 "LEASE." ANY LEASING TRANSACTION IN WHICH THE LESSOR WOULD
8 BE TREATED AS OWNER OF THE LEASED PROPERTY UNDER GENERALLY
9 ACCEPTED ACCOUNTING PRINCIPLES. ALL OTHER TRANSACTIONS
10 PURPORTING TO BE LEASES SHALL BE TREATED AS LOANS FOR PURPOSES
11 OF THIS ARTICLE.

12 ["LOCATED." AN INSTITUTION IS LOCATED IN THIS COMMONWEALTH
13 IN A TAXABLE YEAR ONLY IF ANY ONE OF THE FOLLOWING APPLY:

14 (1) SUCH INSTITUTION MAINTAINS AN OFFICE IN THIS
15 COMMONWEALTH.

16 (2) ONE OR MORE EMPLOYES OF THE INSTITUTION HAVE A REGULAR
17 PRESENCE IN THIS COMMONWEALTH.

18 (3) SUCH INSTITUTION HAS EMPLOYES, REPRESENTATIVES OR
19 INDEPENDENT CONTRACTORS CONDUCTING BUSINESS ACTIVITIES IN ITS
20 BEHALF IN THIS COMMONWEALTH.

21 (4) SUCH INSTITUTION ENGAGES IN REGULAR SOLICITATION IN THIS
22 COMMONWEALTH, WHETHER AT A PLACE OF BUSINESS, BY TRAVELING LOAN
23 OFFICERS OR OTHER REPRESENTATIVES, BY MAIL, BY TELEPHONE OR
24 OTHER ELECTRONIC MEANS, AND THE SOLICITATION RESULTS IN THE
25 CREATION OF A DEPOSITORY OR DIRECT DEBTOR/CREDITOR RELATIONSHIP
26 WITH A RESIDENT OF THIS COMMONWEALTH. FOR PURPOSES OF THIS
27 ARTICLE, MERE PROCESSING OR TRANSFER THROUGH FINANCIAL
28 INTERMEDIARIES OF CHECKS, CREDIT CARD RECEIVABLES, COMMERCIAL
29 PAPER AND THE LIKE DOES NOT CREATE A DEBTOR/CREDITOR
30 RELATIONSHIP. A FINANCIAL INSTITUTION IS ENGAGED IN REGULAR

1 SOLICITATION WITHIN THIS COMMONWEALTH IF IT HAS ENTERED INTO ANY
2 OF THE RELATIONSHIPS LISTED IN THIS CLAUSE WITH TWENTY OR MORE
3 RESIDENTS OF THIS COMMONWEALTH DURING ANY TAX PERIOD OR IF IT
4 HAS FIVE MILLION DOLLARS (\$5,000,000) OR MORE OF ASSETS
5 ATTRIBUTABLE TO SOURCES WITHIN THIS COMMONWEALTH AT ANY TIME
6 DURING THE TAX PERIOD.

7 (5) SUCH INSTITUTION OWNS TANGIBLE PROPERTY WHICH IS LOCATED
8 IN THIS COMMONWEALTH AND WHICH IS LEASED TO OTHERS FOR THEIR
9 USE.

10 (6) SUCH INSTITUTION OWNS OR LEASES TANGIBLE PROPERTY WHICH
11 IS LOCATED IN THIS COMMONWEALTH AND WHICH IT USES IN CONNECTION
12 WITH ITS ACTIVITIES IN THIS COMMONWEALTH.]

13 "LOAN." AS FOLLOWS:

14 (1) THE TERM SHALL MEAN ANY OF THE FOLLOWING:

15 (I) AN EXTENSION OF CREDIT RESULTING FROM DIRECT
16 NEGOTIATIONS BETWEEN THE INSTITUTION AND ITS CUSTOMER.

17 (II) THE PURCHASE, IN WHOLE OR IN PART, OF THE EXTENSION OF
18 CREDIT UNDER SUBPARAGRAPH (I) FROM ANOTHER PERSON.

19 (2) THE TERM SHALL INCLUDE A PARTICIPATION, SYNDICATION AND
20 LEASE TREATED AS A LOAN FOR FEDERAL INCOME TAX PURPOSES.

21 (3) THE TERM SHALL NOT INCLUDE:

22 (I) FUTURES OR FORWARD CONTRACTS.

23 (II) AN OPTION.

24 (III) A NOTIONAL PRINCIPAL CONTRACT SUCH AS SWAPS.

25 (IV) A CREDIT CARD RECEIVABLE, INCLUDING A PURCHASED CREDIT
26 CARD RELATIONSHIP.

27 (V) A NONINTEREST BEARING BALANCE DUE FROM A DEPOSITORY
28 INSTITUTION.

29 (VI) A CASH ITEM IN THE PROCESS OF COLLECTION.

30 (VII) A FEDERAL FUND SOLD.

1 (VIII) A SECURITY PURCHASED UNDER AN AGREEMENT TO RESELL.

2 (IX) AN ASSET HELD IN A TRADING ACCOUNT.

3 (X) A SECURITY.

4 (XI) AN INTEREST IN A REAL ESTATE MORTGAGE INVESTMENT
5 CONDUIT, OR OTHER MORTGAGE-BACKED OR ASSET-BACKED SECURITY.

6 (XII) AN ITEM SIMILAR TO AN ITEM LISTED UNDER THIS
7 PARAGRAPH.

8 "LOAN SECURED BY REAL PROPERTY." A LOAN FOR WHICH AT LEAST
9 50 PER CENT OF THE AGGREGATE VALUE OF THE COLLATERAL USED TO
10 SECURE A LOAN OR OTHER OBLIGATION, WHEN VALUED AT FAIR MARKET
11 VALUE AS OF THE TIME THE ORIGINAL LOAN OR OBLIGATION WAS
12 INCURRED, WAS REAL PROPERTY.

13 ["MAINTAINS AN OFFICE." AN INSTITUTION MAINTAINS AN OFFICE
14 WHEREVER IT HAS ESTABLISHED A REGULAR, CONTINUOUS AND FIXED
15 PLACE OF BUSINESS.]

16 "MERCHANT DISCOUNT." THE FEE OR NEGOTIATED DISCOUNT CHARGED
17 TO A MERCHANT BY AN INSTITUTION FOR THE PRIVILEGE OF
18 PARTICIPATING IN A PROGRAM BY WHICH A CREDIT, DEBIT OR SIMILAR
19 TYPE OF CARD IS ACCEPTED IN PAYMENT FOR MERCHANDISE OR SERVICES
20 SOLD TO THE CARDHOLDER, NET OF ANY CARDHOLDER CHARGE-BACK AND
21 UNREDUCED BY ANY INTERCHANGE TRANSACTION OR ISSUER REIMBURSEMENT
22 FEE PAID TO ANOTHER FOR A CHARGE OR PURCHASE MADE BY ITS
23 CARDHOLDER.

24 "ORIGINATION OF LOANS." A LOAN IS DEEMED TO HAVE ORIGINATED
25 IN THE STATE IN WHICH THE OFFICE IS LOCATED WHICH PROPERLY
26 TREATS THE LOAN AS AN ASSET ON ITS BOOKS OR RECORDS. HOWEVER, IF
27 AN INSTITUTION MAINTAINS AN OFFICE IN A STATE, THE FOLLOWING
28 RULES APPLY:

29 (1) LOANS SECURED PRIMARILY BY REAL PROPERTY ARE DEEMED TO
30 HAVE ORIGINATED AT AN OFFICE WITHIN THE STATE IN WHICH THE

1 PREDOMINANT PART OF THE SECURITY REAL PROPERTY IS OR WILL BE
2 LOCATED, IF AT LEAST ONE OF THE FOLLOWING ACTIVITIES OCCURS AT
3 AN OFFICE IN THE STATE:

- 4 (I) APPLICATION FOR THE LOAN;
- 5 (II) NEGOTIATION FOR THE LOAN;
- 6 (III) APPROVAL OF THE LOAN; OR
- 7 (IV) ADMINISTRATIVE RESPONSIBILITY FOR THE LOAN.

8 (2) ALL OTHER LOANS MADE TO BORROWERS RESIDING OR HAVING
9 THEIR COMMERCIAL DOMICILE WITHIN THE STATE ARE DEEMED TO HAVE
10 ORIGINATED AT AN OFFICE WITHIN THE STATE, IF AT LEAST ONE OF THE
11 FOLLOWING ACTIVITIES OCCURS AT AN OFFICE IN THE STATE:

- 12 (I) APPLICATION FOR THE LOAN;
- 13 (II) NEGOTIATION FOR THE LOAN;
- 14 (III) APPROVAL OF THE LOAN; OR
- 15 (IV) ADMINISTRATIVE RESPONSIBILITY FOR THE LOAN.

16 "PRINCIPAL BASE OF OPERATIONS." AS FOLLOWS:

17 (1) WITH RESPECT TO TRANSPORTATION PROPERTY, THE PLACE FROM
18 WHICH THE PROPERTY IS REGULARLY DIRECTED OR CONTROLLED.

19 (2) WITH RESPECT TO AN EMPLOYE, THE PLACE OF MORE OR LESS
20 PERMANENT NATURE FROM WHICH THE EMPLOYE REGULARLY:

21 (I) STARTS WORK AND TO WHICH THE EMPLOYE CUSTOMARILY RETURNS
22 IN ORDER TO RECEIVE INSTRUCTIONS FROM THE EMPLOYE'S EMPLOYER;

23 (II) COMMUNICATES WITH CUSTOMERS OR OTHER PEOPLE; OR

24 (III) PERFORMS ANY OTHER FUNCTION NECESSARY TO THE EXERCISE
25 OF THE EMPLOYE'S TRADE OR PROFESSION AT SOME OTHER POINT.

26 "PROPERTY LOCATED IN A STATE."

27 (1) EXCEPT AS OTHERWISE PROVIDED IN THIS DEFINITION,
28 TANGIBLE PROPERTY, INCLUDING LEASED PROPERTY, SHALL BE DEEMED TO
29 BE LOCATED IN THE STATE IN WHICH THE PROPERTY IS PHYSICALLY
30 SITUATED.

1 (2) TANGIBLE PERSONAL PROPERTY WHICH IS CHARACTERISTICALLY
2 MOVING PROPERTY, SUCH AS MOTOR VEHICLES, ROLLING STOCK,
3 AIRCRAFT, VESSELS, MOBILE EQUIPMENT AND THE LIKE, SHALL BE
4 DEEMED TO BE LOCATED IN A STATE IF:

5 (I) THE OPERATION OF THE PROPERTY IS ENTIRELY WITHIN THE
6 STATE OR THE OPERATION OUTSIDE OF THE STATE IS OCCASIONAL OR
7 INCIDENTAL TO ITS OPERATION WITHIN THE STATE;

8 (II) THE OPERATION OF THE PROPERTY IS IN TWO OR MORE STATES,
9 BUT THE PRINCIPAL BASE OF OPERATIONS FROM WHICH THE PROPERTY IS
10 SENT OUT IS IN THE STATE; OR

11 (III) THE STATE IS THE RESIDENCE OR COMMERCIAL DOMICILE OF
12 THE LESSEE OR OTHER USER OF THE PROPERTY, WHERE THERE IS NO
13 PRINCIPAL BASE OF OPERATIONS AND THE OPERATION OF THE PROPERTY
14 IS IN TWO OR MORE STATES.

15 "REAL PROPERTY OWNED" AND "TANGIBLE PROPERTY OWNED." AS
16 FOLLOWS:

17 (1) REAL AND TANGIBLE PERSONAL PROPERTY, RESPECTIVELY, :

18 (I) ON WHICH THE INSTITUTION MAY CLAIM DEPRECIATION FOR
19 FEDERAL INCOME TAX PURPOSES; OR

20 (II) PROPERTY TO WHICH THE INSTITUTION HOLDS LEGAL TITLE AND
21 ON WHICH NO OTHER PERSON MAY CLAIM DEPRECIATION FOR FEDERAL
22 INCOME TAX PURPOSES, OR COULD CLAIM DEPRECIATION IF SUBJECT TO
23 FEDERAL INCOME TAX.

24 (2) THE TERM DOES NOT INCLUDE COIN, CURRENCY OR PROPERTY
25 ACQUIRED IN LIEU OF OR PURSUANT TO A FORECLOSURE.

26 "RECEIPTS." AS FOLLOWS:

27 (1) EXCEPT AS PROVIDED UNDER PARAGRAPH (2), AN ITEM INCLUDED
28 IN TAXABLE INCOME RETURNED TO AND ASCERTAINED BY THE FEDERAL
29 GOVERNMENT.

30 (2) IF CONSOLIDATED RETURNS ARE FILED WITH THE FEDERAL

1 GOVERNMENT, AN ITEM THAT WOULD BE INCLUDED IN TAXABLE INCOME
2 RETURNED TO AND ASCERTAINED BY THE FEDERAL GOVERNMENT IF A
3 SEPARATE RETURN HAD BEEN MADE TO THE FEDERAL GOVERNMENT BY THE
4 INSTITUTION, INCLUDING THE TAXABLE INCOME OF A SUBSIDIARY OF THE
5 INSTITUTION THAT ARE DISREGARDED ENTITIES FOR PURPOSES OF
6 FEDERAL TAXATION.

7 "REGULAR PLACE OF BUSINESS." AN OFFICE AT WHICH AN
8 INSTITUTION CARRIES ON ITS BUSINESS IN A REGULAR AND SYSTEMATIC
9 MANNER AND WHICH IS CONTINUOUSLY MAINTAINED, OCCUPIED AND USED
10 BY EMPLOYEES OF AN INSTITUTION.

11 "REGULAR PRESENCE OF EMPLOYEES." AN EMPLOYEE SHALL BE DEEMED
12 TO HAVE A REGULAR PRESENCE IN A STATE IF:

13 (1) A MAJORITY OF THE EMPLOYEE'S SERVICE IS PERFORMED WITHIN
14 THE STATE; OR

15 (2) THE OFFICE FROM WHICH HIS ACTIVITIES ARE DIRECTED OR
16 CONTROLLED IS LOCATED IN THE STATE, WHERE A MAJORITY OF THE
17 EMPLOYEE'S SERVICE IS NOT PERFORMED IN ANY ONE STATE.

18 "STATE." ANY OF THE SEVERAL STATES OF THE UNITED STATES, THE
19 DISTRICT OF COLUMBIA, THE COMMONWEALTH OF PUERTO RICO, ANY
20 TERRITORY OR POSSESSION OF THE UNITED STATES AND ANY FOREIGN
21 COUNTRY.

22 "SYNDICATION." AN EXTENSION OF CREDIT IN WHICH TWO OR MORE
23 PEOPLE PROVIDE FUNDS AND EACH PERSON IS AT RISK FOR UP TO A
24 SPECIFIED PERCENTAGE OF THE TOTAL EXTENSION OF CREDIT OR FOR UP
25 TO A SPECIFIED DOLLAR AMOUNT.

26 "TRANSPORTATION PROPERTY." A VEHICLE AND VESSEL CAPABLE OF
27 MOVING UNDER ITS OWN POWER, SUCH AS AIRCRAFT, A TRAIN, WATER
28 VESSEL AND MOTOR VEHICLE. THE TERM INCLUDES EQUIPMENT OR A
29 CONTAINER ATTACHED TO THE PROPERTY, SUCH AS ROLLING STOCK, A
30 BARGE, TRAILER OR SIMILAR EQUIPMENT OR CONTAINER.

1 SECTION 24. THE DEFINITIONS OF "DOCUMENT," "REAL ESTATE" AND
2 "REAL ESTATE COMPANY" IN SECTION 1101-C OF THE ACT, AMENDED JULY
3 2, 1986 (P.L.318, NO.77), ARE AMENDED AND THE SECTION IS AMENDED
4 BY ADDING DEFINITIONS TO READ:

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

8 * * *

9 "DOCUMENT." ANY DEED, INSTRUMENT OR WRITING WHICH CONVEYS,
10 TRANSFERS, DEVISES, VESTS, CONFIRMS OR EVIDENCES ANY TRANSFER OR
11 DEVISE OF TITLE TO REAL ESTATE IN THIS COMMONWEALTH, BUT DOES
12 NOT INCLUDE WILLS, MORTGAGES, DEEDS OF TRUST OR OTHER
13 INSTRUMENTS OF LIKE CHARACTER GIVEN AS SECURITY FOR A DEBT AND
14 DEEDS OF RELEASE THEREOF TO THE DEBTOR, LAND CONTRACTS WHEREBY
15 THE LEGAL TITLE DOES NOT PASS TO THE GRANTEE UNTIL THE TOTAL
16 CONSIDERATION SPECIFIED IN THE CONTRACT HAS BEEN PAID OR ANY
17 CANCELLATION THEREOF UNLESS THE CONSIDERATION IS PAYABLE OVER A
18 PERIOD OF TIME EXCEEDING THIRTY YEARS OR INSTRUMENTS WHICH
19 SOLELY GRANT, VEST OR CONFIRM A PUBLIC UTILITY EASEMENT.

20 "DOCUMENT" SHALL ALSO INCLUDE A DECLARATION OF ACQUISITION
21 REQUIRED TO BE PRESENTED FOR RECORDING UNDER SECTION 1102-C.5 OF
22 THIS ARTICLE.

23 * * *

24 "REAL ESTATE."

25 (1) ANY LANDS, TENEMENTS OR HEREDITAMENTS [WITHIN THIS
26 COMMONWEALTH], INCLUDING, WITHOUT LIMITATION, BUILDINGS,
27 STRUCTURES, FIXTURES, MINES, MINERALS, OIL, GAS, QUARRIES,
28 SPACES WITH OR WITHOUT UPPER OR LOWER BOUNDARIES, TREES AND
29 OTHER IMPROVEMENTS, IMMOVABLES OR INTERESTS WHICH BY CUSTOM,
30 USAGE OR LAW PASS WITH A CONVEYANCE OF LAND, BUT EXCLUDING

1 PERMANENTLY ATTACHED MACHINERY AND EQUIPMENT IN AN INDUSTRIAL
2 PLANT.

3 (2) A CONDOMINIUM UNIT.

4 (3) A TENANT-STOCKHOLDER'S INTEREST IN A COOPERATIVE HOUSING
5 CORPORATION, TRUST OR ASSOCIATION UNDER A PROPRIETARY LEASE OR
6 OCCUPANCY AGREEMENT.

7 "REAL ESTATE COMPANY." A CORPORATION OR ASSOCIATION WHICH
8 [IS] MEETS ANY OF THE FOLLOWING:

9 (1) IS PRIMARILY ENGAGED IN THE BUSINESS OF HOLDING, SELLING
10 OR LEASING REAL ESTATE NINETY PER CENT OR MORE OF THE OWNERSHIP
11 INTEREST IN WHICH IS HELD BY THIRTY-FIVE OR FEWER PERSONS AND
12 WHICH:

13 [(1)] (I) DERIVES SIXTY PER CENT OR MORE OF ITS ANNUAL GROSS
14 RECEIPTS FROM THE OWNERSHIP OR DISPOSITION OF REAL ESTATE; OR

15 [(2)] (II) HOLDS REAL ESTATE, THE VALUE OF WHICH COMPRISES
16 NINETY PER CENT OR MORE OF THE VALUE OF ITS ENTIRE TANGIBLE
17 ASSET HOLDINGS EXCLUSIVE OF TANGIBLE ASSETS WHICH ARE FREELY
18 TRANSFERABLE AND ACTIVELY TRADED ON AN ESTABLISHED MARKET.

19 (2) NINETY PERCENT OR MORE OF THE OWNERSHIP INTEREST IN THE
20 CORPORATION OR ASSOCIATION IS HELD BY THIRTY-FIVE OR FEWER
21 PERSONS AND THE CORPORATION OR ASSOCIATION OWNS, AS NINETY
22 PERCENT OR MORE OF THE FAIR MARKET VALUE OF ITS ASSETS, A DIRECT
23 OR INDIRECT INTEREST IN A REAL ESTATE COMPANY. AN INDIRECT
24 OWNERSHIP INTEREST IS AN INTEREST IN A CORPORATION OR
25 ASSOCIATION, NINETY PERCENT OR MORE OF THE OWNERSHIP INTEREST
26 WHICH IS HELD BY THIRTY-FIVE OR FEWER PERSONS WHOSE PURPOSE IS
27 THE OWNERSHIP OF A REAL ESTATE COMPANY.

28 * * *

29 "VOLUNTEER EMERGENCY MEDICAL SERVICES AGENCY." THE TERM
30 SHALL HAVE THE SAME MEANING AS GIVEN TO THE TERM "VOLUNTEER

1 AMBULANCE SERVICE" IN 35 PA.C.S. § 7802 (RELATING TO
2 DEFINITIONS).

3 "VOLUNTEER FIRE COMPANY." AS DEFINED IN 35 PA.C.S. § 7802
4 (RELATING TO DEFINITIONS).

5 "VOLUNTEER RESCUE COMPANY." AS DEFINED IN 35 PA.C.S. § 7802
6 (RELATING TO DEFINITIONS).

7 SECTION 25. SECTION 1102-C OF THE ACT, AMENDED JULY 2, 1986
8 (P.L.318, NO.77), IS AMENDED TO READ:

9 SECTION 1102-C. IMPOSITION OF TAX.--EVERY PERSON WHO MAKES,
10 EXECUTES, DELIVERS, ACCEPTS OR PRESENTS FOR RECORDING ANY
11 DOCUMENT OR IN WHOSE BEHALF ANY DOCUMENT IS MADE, EXECUTED,
12 DELIVERED, ACCEPTED OR PRESENTED FOR RECORDING, SHALL BE SUBJECT
13 TO PAY FOR AND IN RESPECT TO THE TRANSACTION OR ANY PART
14 THEREOF, OR FOR OR IN RESPECT OF THE VELLUM PARCHMENT OR PAPER
15 UPON WHICH SUCH DOCUMENT IS WRITTEN OR PRINTED, A STATE TAX AT
16 THE RATE OF ONE PER CENT OF THE VALUE OF THE REAL ESTATE WITHIN
17 THIS COMMONWEALTH REPRESENTED BY SUCH DOCUMENT, WHICH STATE TAX
18 SHALL BE PAYABLE AT THE EARLIER OF THE TIME THE DOCUMENT IS
19 PRESENTED FOR RECORDING OR WITHIN THIRTY DAYS OF ACCEPTANCE OF
20 SUCH DOCUMENT OR WITHIN THIRTY DAYS OF BECOMING AN ACQUIRED
21 COMPANY.

22 SECTION 25.1. SECTION 1102-C.3 OF THE ACT IS AMENDED BY
23 ADDING A CLAUSE TO READ:

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

26 * * *

27 (23) A TRANSFER OF REAL ESTATE:

28 (I) FOR NO OR NOMINAL CONSIDERATION FROM THE COMMONWEALTH OR
29 ANY OF ITS INSTRUMENTALITIES, AGENCIES OR POLITICAL SUBDIVISIONS
30 TO A VOLUNTEER EMERGENCY MEDICAL SERVICES AGENCY, VOLUNTEER FIRE

1 COMPANY OR VOLUNTEER RESCUE COMPANY; OR
2 (II) BETWEEN TWO OR MORE VOLUNTEER EMERGENCY MEDICAL
3 SERVICES AGENCIES, VOLUNTEER FIRE COMPANIES OR VOLUNTEER RESCUE
4 COMPANIES.

5 SECTION 26. SECTION 1102-C.5(A) OF THE ACT, AMENDED JULY 2,
6 2012 (P.L.751, NO.85), IS AMENDED TO READ:

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

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

11 (2) OF ITSELF OR TOGETHER WITH PRIOR CHANGES HAS THE EFFECT
12 OF TRANSFERRING, DIRECTLY OR INDIRECTLY, NINETY PER CENT OR MORE
13 OF THE TOTAL OWNERSHIP INTEREST IN THE COMPANY WITHIN A PERIOD
14 OF THREE YEARS.

15 (3) FOR THE PURPOSES OF PARAGRAPH (2), A TRANSFER OCCURS
16 WITHIN A PERIOD OF THREE YEARS OF ANOTHER TRANSFER OR TRANSFERS
17 IF, DURING THE PERIOD[:

18 (I) THE TRANSFERRING PARTY PROVIDES A LEGALLY BINDING
19 COMMITMENT, ENFORCEABLE AT A FUTURE DATE, TO EXECUTE THE
20 TRANSFER;

21 (II) THE TERMS OF THE TRANSFER ARE FIXED AND NOT SUBJECT TO
22 NEGOTIATION; AND

23 (III) THE TRANSFERRING PARTY RECEIVES FULL CONSIDERATION, IN
24 ANY FORM, IN EXCHANGE FOR THE TRANSFER.], THE TRANSFERRING PARTY
25 PROVIDES THE TRANSFEREE A LEGALLY BINDING COMMITMENT OR OPTION,
26 ENFORCEABLE AT A FUTURE DATE, TO EXECUTE THE TRANSFER.

27 * * *

28 SECTION 26.1. THE ACT IS AMENDED BY ADDING AN ARTICLE TO
29 READ:

30 ARTICLE XVI-B

1 NONLICENSED CORPORATION PARI-MUTUEL WAGERING TAX

2 SECTION 1601-B. SCOPE.

3 THIS ARTICLE RELATES TO TAXATION ON THE PRIVILEGE OF
4 CONDUCTING PARI-MUTUEL WAGERING IN THIS COMMONWEALTH BY
5 NONLICENSED CORPORATIONS.

6 SECTION 1602-B. DEFINITIONS.

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

10 "ADVANCE DEPOSIT ACCOUNT WAGERING." A SYSTEM BY WHICH A
11 WAGER IS DEBITED AND A PAYOUT IS CREDITED TO AN ADVANCE DEPOSIT
12 ACCOUNT HELD BY A PERSON ON BEHALF OF ANOTHER PERSON.

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

17 "COMMON POOL WAGERING." THE INCLUSION OF A WAGER PLACED INTO
18 A COMMON PARI-MUTUEL POOL FOR THE PURPOSE OF DISPLAY OF WAGERING
19 INFORMATION AND CALCULATION OF PAYOFFS ON WINNING WAGERS.

20 "CORPORATION." A CORPORATION, JOINT-STOCK ASSOCIATION OR
21 BUSINESS TRUST WHICH IS ORGANIZED UNDER THE LAWS OF THIS
22 COMMONWEALTH, THE UNITED STATES, OR ANY OTHER STATE, TERRITORY,
23 FOREIGN COUNTRY OR DEPENDENCY.

24 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

25 "LICENSED CORPORATION." THE TERM SHALL HAVE THE SAME MEANING
26 AS DEFINED IN SECTION 102 OF THE ACT OF DECEMBER 17, 1981
27 (P.L.435, NO.135), KNOWN AS THE RACE HORSE INDUSTRY REFORM ACT.

28 "NONLICENSED CORPORATION." A PERSON OTHER THAN A LICENSED
29 CORPORATION THAT OFFERS AND ACCEPTS PARI-MUTUEL WAGERS MADE
30 WITHIN THIS COMMONWEALTH, INCLUDING AN ADVANCE DEPOSIT ACCOUNT

1 WAGERING, IN WHICH THE WAGERS ARE INCLUDED IN COMMON POOL
2 WAGERING THROUGH A PARI-MUTUEL SYSTEM.

3 "PARI-MUTUEL SYSTEM." THE HARDWARE, SOFTWARE AND
4 COMMUNICATIONS EQUIPMENT USED TO RECORD WAGERS, CALCULATE
5 PAYOUTS FOR WINNING WAGERS AND TRANSMIT WAGERING TRANSACTIONS
6 AND PARI-MUTUEL POOL DATA FOR DISPLAY TO PATRONS AND TO
7 COMMUNICATE WITH OTHER PARI-MUTUEL SYSTEMS LINKED TO FACILITATE
8 COMMON POOL WAGERING.

9 "PARI-MUTUEL WAGERING." A FORM OF WAGERING ON THE OUTCOME OF
10 A HORSE RACE OR HARNESS HORSE RACE IN WHICH ALL WAGERS ARE
11 POOLED AND HELD BY A PARI-MUTUEL POOL HOST FOR DISTRIBUTION OF
12 THE TOTAL AMOUNT, MINUS THE DEDUCTIONS AUTHORIZED BY LAW, TO
13 HOLDERS OF TICKETS ON THE WINNING CONTESTANTS.

14 "PERSON." A NATURAL PERSON, ASSOCIATION OR CORPORATION. THE
15 TERM SHALL, WHEN USED IN ANY PROVISION PRESCRIBING AND IMPOSING
16 A PENALTY, INCLUDE THE RESPONSIBLE MEMBERS OR GENERAL PARTNERS
17 OF AN ASSOCIATION OR THE OFFICERS OF A CORPORATION.

18 SECTION 1603-B. TAX.

19 (A) IMPOSITION.--A TAX IS IMPOSED ON THE PRIVILEGE OF
20 CONDUCTING PARI-MUTUEL WAGERING IN THIS COMMONWEALTH BY ALL
21 NONLICENSED CORPORATIONS. A NONLICENSED CORPORATION SHALL PAY A
22 TAX THROUGH THE DEPARTMENT FOR DEPOSIT INTO THE RESTRICTED
23 ACCOUNT ESTABLISHED UNDER SECTION 1606-B.

24 (B) RATE.--THE TAX IMPOSED UNDER SUBSECTION (A) SHALL BE A
25 PERCENTAGE TAX OF 10% ON THE AMOUNT OF PARI-MUTUEL WAGERS MADE
26 EACH DAY THROUGH THE NONLICENSED CORPORATION WHERE THE WAGERS
27 WERE PLACED FROM WITHIN THIS COMMONWEALTH, INCLUDING WAGERS MADE
28 BY AN ADVANCE DEPOSIT ACCOUNT WAGERING SYSTEM, IN WHICH THE
29 WAGERS ARE INCLUDED IN COMMON POOL WAGERING THROUGH A PARI-
30 MUTUEL SYSTEM.

1 SECTION 1604-B. PARI-MUTUEL TAX RETURN.

2 (A) RETURNS.--A NONLICENSED CORPORATION SUBJECT TO THIS
3 ARTICLE SHALL FILE WITH THE DEPARTMENT, ON A FORM PRESCRIBED BY
4 THE DEPARTMENT, A NONLICENSED CORPORATION PARI-MUTUEL WAGERING
5 TAX RETURN. THE RETURN SHALL BE FILED UNDER OATH OR AFFIRMATION
6 OF AN AUTHORIZED OFFICER, MEMBER OR PARTNER REPORTING THE TAX
7 DUE UNDER THIS PART IN THE PRIOR CALENDAR MONTH. A RETURN SHALL
8 BE DUE BY THE 20TH DAY FOLLOWING THE END OF THE REPORTING
9 PERIOD. THE RETURN SHALL SET FORTH ALL OF THE FOLLOWING WITH
10 REGARD TO THE NONLICENSED CORPORATION:

11 (1) THE TOTAL AMOUNT OF PARI-MUTUEL WAGERS MADE WITHIN
12 THIS COMMONWEALTH, INCLUDING WAGERS MADE BY AN ADVANCE
13 DEPOSIT ACCOUNT WAGERING SYSTEM, IN WHICH THE WAGERS ARE
14 INCLUDED IN COMMON POOL WAGERING THROUGH A PARI-MUTUEL
15 SYSTEM, ON THOROUGHBRED MEETS.

16 (2) THE TOTAL AMOUNT OF PARI-MUTUEL WAGERS MADE WITHIN
17 THIS COMMONWEALTH, INCLUDING WAGERS MADE BY AN ADVANCE
18 DEPOSIT ACCOUNT WAGERING SYSTEM, IN WHICH THE WAGERS ARE
19 INCLUDED IN COMMON POOL WAGERING THROUGH A PARI-MUTUEL
20 SYSTEM, ON HARNESS MEETS.

21 (3) CALCULATION OF THE TAX DUE AT 10%.

22 (4) OTHER INFORMATION REQUIRED BY THE DEPARTMENT.

23 (B) PAYMENT OF TAX.--EACH NONLICENSED CORPORATION SUBJECT TO
24 PAY THE TAX UNDER THIS ARTICLE SHALL REMIT THE TAX TO THE
25 DEPARTMENT WHEN THE RETURN UNDER SUBSECTION (A) IS DUE.

26 (C) PENALTIES AND INTEREST.--IF A NONLICENSED CORPORATION
27 FAILS TO FILE THE RETURN REQUIRED UNDER SUBSECTION (A) OR FAILS
28 TO PAY THE TAX IMPOSED UNDER SECTION 1603-B, THE DEPARTMENT MAY
29 DO ANY OF THE FOLLOWING:

30 (1) ASSESS THE AMOUNT OF TAX DUE.

1 (2) IMPOSE AND ASSESS AN ADMINISTRATIVE PENALTY EQUAL TO
2 5% OF THE TAX OR \$500, WHICHEVER IS GREATER, DUE BUT UNPAID
3 FOR EACH QUARTER OR FRACTION OF THE QUARTER THAT THE TAX
4 REMAINS UNPAID TOGETHER WITH INTEREST AT THE RATE ESTABLISHED
5 UNDER SECTION 806 OF THE ACT OF APRIL 9, 1929 (P.L.343,
6 NO.176), KNOWN AS THE FISCAL CODE, ON THE TAX FROM THE TIME
7 WHEN THE TAX BECAME DUE. THE PENALTIES PROVIDED UNDER THIS
8 PARAGRAPH SHALL BE ADDED TO THE TAX AND ASSESSED AND
9 COLLECTED AT THE SAME TIME AND IN THE SAME MANNER AS A PART
10 OF THE TAX. UNLESS OTHERWISE SPECIFIED, THE TAX SHALL BE
11 ASSESSED, COLLECTED AND ENFORCED BY THE DEPARTMENT UNDER THE
12 PROVISIONS OF ARTICLE II.

13 SECTION 1605-B. REGULATIONS.

14 THE DEPARTMENT MAY PROMULGATE REGULATIONS TO ENFORCE THIS
15 ARTICLE, INCLUDING REGULATIONS TO PROVIDE FOR LICENSING AND
16 ENFORCEMENT OF THIS ARTICLE.

17 SECTION 1606-B. ADVANCED DEPOSIT WAGERING COLLECTIONS ACCOUNT.

18 (A) ADVANCED DEPOSIT WAGERING COLLECTIONS ACCOUNT.--THERE IS
19 CREATED WITHIN THE GENERAL FUND A RESTRICTED ACCOUNT TO BE KNOWN
20 AS THE ADVANCED DEPOSIT WAGERING COLLECTIONS ACCOUNT. REVENUES
21 COLLECTED UNDER THIS ARTICLE SHALL BE DEPOSITED INTO THE
22 ACCOUNT.

23 (B) TRANSFER.--OF THE FUNDS DEPOSITED IN THE ADVANCED
24 DEPOSIT WAGERING COLLECTIONS ACCOUNT, BEGINNING FISCAL YEAR
25 2013-2014 AND EACH FISCAL YEAR THEREAFTER, UP TO \$5,000,000 IS
26 TRANSFERRED TO THE STATE RACING COMMISSIONS IN THE DEPARTMENT OF
27 AGRICULTURE FOR GENERAL GOVERNMENT OPERATIONS OF THE
28 COMMISSIONS. FOR FISCAL YEAR 2013-2014, ANY FUNDS THAT EXCEED
29 THE \$5,000,000 SHALL BE TRANSFERRED TO THE PENNSYLVANIA RACE
30 HORSE DEVELOPMENT FUND.

1 SECTION 27. SECTIONS 1702-D AND 1703-D OF THE ACT, AMENDED
2 OR ADDED JULY 25, 2007 (P.L.373, NO.55) AND JULY 2, 2012
3 (P.L.751, NO.85), ARE AMENDED TO READ:

4 SECTION 1702-D. DEFINITIONS.

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

8 "DEPARTMENT." THE DEPARTMENT OF COMMUNITY AND ECONOMIC
9 DEVELOPMENT OF THE COMMONWEALTH.

10 "FILM." A FEATURE FILM, A TELEVISION FILM, A TELEVISION TALK
11 OR GAME SHOW SERIES, A TELEVISION COMMERCIAL OR A TELEVISION
12 PILOT OR EACH EPISODE OF A TELEVISION SERIES WHICH IS INTENDED
13 AS PROGRAMMING FOR A NATIONAL AUDIENCE. THE TERM DOES NOT
14 INCLUDE A PRODUCTION FEATURING NEWS, CURRENT EVENTS, WEATHER AND
15 MARKET REPORTS, PUBLIC PROGRAMMING, SPORTS EVENTS, AWARDS SHOWS
16 OR OTHER GALA EVENTS, A PRODUCTION THAT SOLICITS FUNDS, A
17 PRODUCTION CONTAINING OBSCENE MATERIAL OR PERFORMANCES AS
18 DEFINED IN 18 PA.C.S. § 5903(B) (RELATING TO OBSCENE AND OTHER
19 SEXUAL MATERIALS AND PERFORMANCES) OR A PRODUCTION PRIMARILY FOR
20 PRIVATE, POLITICAL, INDUSTRIAL, CORPORATE OR INSTITUTIONAL
21 PURPOSES.

22 "MINIMUM STAGE FILMING REQUIREMENTS." INCLUDE:

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

25 (I) BUILD AT LEAST ONE SET AT A QUALIFIED PRODUCTION
26 FACILITY;

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

29 (III) SPEND OR INCUR A MINIMUM OF \$1,500,000 IN
30 DIRECT EXPENDITURES RELATING TO THE USE OR RENTAL OF

1 TANGIBLE PROPERTY OR FOR PERFORMANCE OF SERVICES PROVIDED
2 BY A QUALIFIED PRODUCTION FACILITY.

3 (2) TAXPAYERS WITH A PENNSYLVANIA PRODUCTION EXPENSE OF
4 AT LEAST \$30,000,000 PER PRODUCTION MUST:

5 (I) BUILD AT LEAST TWO SETS AT A QUALIFIED
6 PRODUCTION FACILITY;

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

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

13 "PASS-THROUGH ENTITY." A PARTNERSHIP AS DEFINED IN SECTION
14 301(N.0) OR A PENNSYLVANIA S CORPORATION AS DEFINED IN SECTION
15 301(N.1).

16 "PENNSYLVANIA PRODUCTION EXPENSE." PRODUCTION EXPENSE
17 INCURRED IN THIS COMMONWEALTH. THE TERM INCLUDES:

18 (1) COMPENSATION PAID TO AN INDIVIDUAL ON WHICH THE TAX
19 IMPOSED BY ARTICLE III WILL BE PAID OR ACCRUED.

20 (2) PAYMENT TO A PERSONAL SERVICE CORPORATION
21 REPRESENTING INDIVIDUAL TALENT IF THE TAX IMPOSED BY ARTICLE
22 IV WILL BE PAID OR ACCRUED ON THE NET INCOME OF THE
23 CORPORATION FOR THE TAXABLE YEAR.

24 (3) PAYMENT TO A PASS-THROUGH ENTITY REPRESENTING
25 INDIVIDUAL TALENT IF THE TAX IMPOSED BY ARTICLE III WILL BE
26 PAID OR ACCRUED BY ALL OF THE PARTNERS, MEMBERS OR
27 SHAREHOLDERS OF THE PASS-THROUGH ENTITY FOR THE TAXABLE YEAR
28 FOR WHICH THE TAX IMPOSED UNDER ARTICLE III HAS BEEN WITHHELD
29 AND REMITTED UNDER THE REQUIREMENTS OF ARTICLE III BY THE
30 PRODUCTION COMPANY.

1 (4) THE COST OF TRANSPORTATION INCURRED WHILE
2 TRANSPORTING TO OR FROM A TRAIN STATION, BUS DEPOT OR
3 AIRPORT, LOCATED IN THIS COMMONWEALTH.

4 (5) THE COST OF INSURANCE COVERAGE PURCHASED THROUGH AN
5 INSURANCE AGENT BASED IN THIS COMMONWEALTH.

6 (6) THE PURCHASE OF MUSIC OR STORY RIGHTS IF ANY OF THE
7 FOLLOWING SUBPARAGRAPHS APPLY:

8 (I) THE PURCHASE IS FROM A RESIDENT OF THIS
9 COMMONWEALTH.

10 (II) THE PURCHASE IS FROM AN ENTITY SUBJECT TO
11 TAXATION IN THIS COMMONWEALTH, AND THE TRANSACTION IS
12 SUBJECT TO TAXATION UNDER ARTICLE III, IV OR VI.

13 (7) THE COST OF RENTAL OF FACILITIES AND EQUIPMENT
14 RENTED FROM OR THROUGH A RESIDENT OF THIS COMMONWEALTH OR AN
15 ENTITY SUBJECT TO TAXATION IN THIS COMMONWEALTH.

16 "PRODUCTION EXPENSE." AS FOLLOWS:

17 (1) THE TERM INCLUDES ALL OF THE FOLLOWING:

18 (I) COMPENSATION PAID TO AN INDIVIDUAL EMPLOYED IN
19 THE PRODUCTION OF THE FILM.

20 (II) PAYMENT TO A PERSONAL SERVICE CORPORATION
21 REPRESENTING INDIVIDUAL TALENT.

22 (III) PAYMENT TO A PASS-THROUGH ENTITY REPRESENTING
23 INDIVIDUAL TALENT.

24 (IV) THE COSTS OF CONSTRUCTION, OPERATIONS, EDITING,
25 PHOTOGRAPHY, SOUND SYNCHRONIZATION, LIGHTING, WARDROBE
26 AND ACCESSORIES.

27 (V) THE COST OF LEASING VEHICLES.

28 (VI) THE COST OF TRANSPORTATION TO OR FROM A TRAIN
29 STATION, BUS DEPOT OR AIRPORT.

30 (VII) THE COST OF INSURANCE COVERAGE.

- 1 (VIII) THE COSTS OF FOOD AND LODGING.
- 2 (IX) THE PURCHASE OF MUSIC OR STORY RIGHTS.
- 3 (X) THE COST OF RENTAL OF FACILITIES AND EQUIPMENT.
- 4 (2) THE TERM DOES NOT INCLUDE ANY OF THE FOLLOWING:
- 5 (I) DEFERRED, LEVERAGED OR PROFIT PARTICIPATION PAID
- 6 OR TO BE PAID TO INDIVIDUALS EMPLOYED IN THE PRODUCTION
- 7 OF THE FILM OR PAID TO ENTITIES REPRESENTING AN
- 8 INDIVIDUAL FOR SERVICES PROVIDED IN THE PRODUCTION OF THE
- 9 FILM.
- 10 (II) DEVELOPMENT COST.
- 11 (III) EXPENSE INCURRED IN MARKETING OR ADVERTISING A
- 12 FILM.
- 13 (IV) COST RELATED TO THE SALE OR ASSIGNMENT OF A
- 14 FILM PRODUCTION TAX CREDIT UNDER SECTION 1705-D(E).

15 "QUALIFIED FILM PRODUCTION EXPENSE." ALL PENNSYLVANIA

16 PRODUCTION EXPENSES IF PENNSYLVANIA PRODUCTION EXPENSES COMPRISE

17 AT LEAST 60% OF THE FILM'S TOTAL PRODUCTION EXPENSES. THE TERM

18 SHALL NOT INCLUDE MORE THAN \$15,000,000 IN THE AGGREGATE OF

19 COMPENSATION PAID TO INDIVIDUALS OR PAYMENT MADE TO ENTITIES

20 REPRESENTING AN INDIVIDUAL FOR SERVICES PROVIDED IN THE

21 PRODUCTION OF THE FILM.

22 "QUALIFIED PRODUCTION FACILITY." A FILM PRODUCTION FACILITY

23 LOCATED WITHIN THIS COMMONWEALTH THAT CONTAINS AT LEAST ONE

24 SOUND STAGE WITH A COLUMN-FREE, UNOBSTRUCTED FLOOR SPACE AND

25 MEETS EITHER OF THE FOLLOWING CRITERIA:

26 (1) HAS HAD A MINIMUM OF \$10,000,000 INVESTED IN THE

27 FILM PRODUCTION FACILITY IN LAND OR A STRUCTURE PURCHASED OR

28 GROUND-UP, PURPOSE-BUILT NEW CONSTRUCTION OR RENOVATION OF

29 EXISTING IMPROVEMENT.

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

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

3 (II) A PERMANENT GRID WITH A MINIMUM POINT LOAD
4 CAPACITY OF NO LESS THAN 1,000 POUNDS AT A MINIMUM OF 25
5 POINTS.

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

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

11 (V) A SOUND STAGE WITH A SLIDING OR ROLL-UP ACCESS
12 DOOR WITH A MINIMUM HEIGHT OF 14 FEET.

13 (VI) A BUILT-IN HVAC CAPACITY DURING SHOOT DAYS WITH
14 A MINIMUM OF 50 TONS OF COOLING CAPACITY AVAILABLE PER
15 SOUND STAGE.

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

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

22 (IX) A SOUND STAGE WITH CONTIGUOUS PRODUCTION
23 OFFICES WITH A MINIMUM OF 5,000 SQUARE FEET PER SOUND
24 STAGE.

25 "QUALIFIED TAX LIABILITY." THE LIABILITY FOR TAXES IMPOSED
26 UNDER ARTICLE III, IV, VI, VII OR IX. THE TERM SHALL NOT INCLUDE
27 ANY TAX WITHHELD BY AN EMPLOYER FROM AN EMPLOYEE UNDER ARTICLE
28 III.

29 "START DATE." [THE FIRST DAY OF PRINCIPAL PHOTOGRAPHY IN
30 THIS COMMONWEALTH.] AS FOLLOWS:

1 (1) THE FIRST DAY OF PRINCIPAL PHOTOGRAPHY IN THIS
2 COMMONWEALTH; OR

3 (2) AN EARLIER DATE THAN THE DATE UNDER SUBPARAGRAPH
4 (I), APPROVED BY THE PENNSYLVANIA FILM OFFICE.

5 "TAX CREDIT." THE FILM PRODUCTION TAX CREDIT PROVIDED UNDER
6 THIS ARTICLE.

7 "TAXPAYER." A FILM PRODUCTION COMPANY SUBJECT TO TAX UNDER
8 ARTICLE III, IV OR VI. THE TERM DOES NOT INCLUDE CONTRACTORS OR
9 SUBCONTRACTORS OF A FILM PRODUCTION COMPANY.

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

11 (A) APPLICATION.--A TAXPAYER MAY APPLY TO THE DEPARTMENT FOR
12 A TAX CREDIT UNDER THIS SECTION. THE APPLICATION SHALL BE ON THE
13 FORM REQUIRED BY THE DEPARTMENT.

14 (B) REVIEW AND APPROVAL.--THE DEPARTMENT SHALL ESTABLISH
15 APPLICATION PERIODS NOT TO EXCEED 90 DAYS EACH. ALL APPLICATIONS
16 RECEIVED DURING THE APPLICATION PERIOD SHALL BE REVIEWED AND
17 EVALUATED BY THE DEPARTMENT BASED ON THE FOLLOWING CRITERIA:

18 (1) THE ANTICIPATED NUMBER OF PRODUCTION DAYS IN A
19 QUALIFIED PRODUCTION FACILITY.

20 (2) THE ANTICIPATED NUMBER OF PENNSYLVANIA EMPLOYEES.

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

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

25 (5) THE PENNSYLVANIA PRODUCTION EXPENSES IN COMPARISON
26 TO THE PRODUCTION BUDGET.

27 (6) THE USE OF STUDIO RESOURCES.

28 (7) OTHER CRITERIA THAT THE DIRECTOR OF THE PENNSYLVANIA
29 FILM OFFICE DEEMS APPROPRIATE TO ENSURE MAXIMUM EMPLOYMENT
30 AND BENEFIT WITHIN THIS COMMONWEALTH.

1 UPON DETERMINING THE TAXPAYER HAS INCURRED OR WILL INCUR
2 QUALIFIED FILM PRODUCTION EXPENSES, THE DEPARTMENT MAY APPROVE
3 THE TAXPAYER FOR A TAX CREDIT. APPLICATIONS NOT APPROVED MAY BE
4 REVIEWED AND CONSIDERED IN SUBSEQUENT APPLICATION PERIODS. THE
5 DEPARTMENT MAY APPROVE A TAXPAYER FOR A TAX CREDIT BASED ON ITS
6 EVALUATION OF THE CRITERIA UNDER THIS SUBSECTION.

7 (C) CONTRACT.--IF THE DEPARTMENT APPROVES THE TAXPAYER'S
8 APPLICATION UNDER SUBSECTION (B), THE DEPARTMENT AND THE
9 TAXPAYER SHALL ENTER INTO A CONTRACT CONTAINING THE FOLLOWING:

10 (1) AN ITEMIZED LIST OF PRODUCTION EXPENSES INCURRED OR
11 TO BE INCURRED FOR THE FILM.

12 (2) AN ITEMIZED LIST OF PENNSYLVANIA PRODUCTION EXPENSES
13 INCURRED OR TO BE INCURRED FOR THE FILM.

14 (3) WITH RESPECT TO A CONTRACT ENTERED INTO PRIOR TO
15 COMPLETION OF PRODUCTION, A COMMITMENT BY THE TAXPAYER TO
16 INCUR THE QUALIFIED FILM PRODUCTION EXPENSES AS ITEMIZED.

17 (4) THE START DATE.

18 (5) ANY OTHER INFORMATION THE DEPARTMENT DEEMS
19 APPROPRIATE.

20 (D) CERTIFICATE.--UPON EXECUTION OF THE CONTRACT REQUIRED BY
21 SUBSECTION (C), THE DEPARTMENT SHALL AWARD THE TAXPAYER A FILM
22 PRODUCTION TAX CREDIT AND ISSUE THE TAXPAYER A FILM PRODUCTION
23 TAX CREDIT CERTIFICATE.

24 SECTION 28. SECTIONS 1705-D(G) AND 1708-G.1(B) OF THE ACT,
25 AMENDED OR ADDED JULY 2, 2012 (P.L.751, NO.85), ARE AMENDED TO
26 READ:

27 SECTION 1705-D. CARRYOVER, CARRYBACK AND ASSIGNMENT OF CREDIT.

28 * * *

29 (G) LIMITED CARRY FORWARD OF TAX CREDITS BY A PURCHASER OR
30 ASSIGNEE.--A PURCHASER OR ASSIGNEE MAY CARRY FORWARD ALL OR ANY

1 UNUSED PORTION OF A TAX CREDIT PURCHASED OR ASSIGNED IN
2 [CALENDAR]:

3 (1) CALENDAR YEAR 2010 AGAINST QUALIFIED TAX LIABILITIES
4 INCURRED IN TAXABLE YEARS 2011 AND 2012.

5 (2) CALENDAR YEAR 2013 AGAINST QUALIFIED TAX LIABILITIES
6 INCURRED IN TAXABLE YEARS 2014.

7 (3) CALENDAR YEAR 2014 AGAINST QUALIFIED TAX LIABILITIES
8 INCURRED IN TAXABLE YEAR 2015.

9 SECTION 1708-G.1. SCHOLARSHIPS.

10 * * *

11 (B) AWARD.--A SCHOLARSHIP ORGANIZATION MAY AWARD A
12 SCHOLARSHIP TO AN APPLICANT WHO RESIDES WITHIN THE ATTENDANCE
13 BOUNDARY OF A LOW-ACHIEVING SCHOOL TO ATTEND A PARTICIPATING
14 PUBLIC SCHOOL OR A PARTICIPATING NONPUBLIC SCHOOL SELECTED BY
15 THE PARENT OF THE APPLICANT. IF AN APPLICANT WHO RECEIVED AN
16 EDUCATIONAL OPPORTUNITY SCHOLARSHIP UNDER THIS ARTICLE FOR THE
17 PRIOR SCHOOL YEAR RESIDES WITHIN THE ATTENDANCE BOUNDARY OF A
18 SCHOOL THAT WAS REMOVED FROM THE LIST OF LOW-ACHIEVING SCHOOLS
19 PROVIDED BY THE DEPARTMENT UNDER SUBSECTION (A), THE APPLICANT
20 MAY RECEIVE AN EDUCATIONAL OPPORTUNITY SCHOLARSHIP. THE
21 SCHOLARSHIP MAY BE FOR EACH YEAR OF ENROLLMENT IN A
22 PARTICIPATING PUBLIC SCHOOL OR PARTICIPATING NONPUBLIC SCHOOL
23 FOR UP TO THE LESSER OF FIVE YEARS OR UNTIL COMPLETION OF GRADE
24 12 PROVIDED THE APPLICANT OTHERWISE REMAINS ELIGIBLE. IN
25 AWARDING SCHOLARSHIPS, A SCHOLARSHIP ORGANIZATION SHALL GIVE
26 PREFERENCE TO ANY OF THE FOLLOWING:

27 (1) AN APPLICANT WHO RECEIVED A SCHOLARSHIP FOR THE
28 PRIOR SCHOOL YEAR.

29 (2) AN APPLICANT OF A HOUSEHOLD WITH A HOUSEHOLD INCOME
30 THAT DOES NOT EXCEED 185% OF THE FEDERAL POVERTY LEVEL FOR

1 THE SCHOOL YEAR PRECEDING THE SCHOOL YEAR FOR WHICH THE
2 APPLICATION IS BEING MADE.

3 (3) AN APPLICANT OF A HOUSEHOLD WITH A HOUSEHOLD INCOME
4 THAT DOES NOT EXCEED 185% OF THE FEDERAL POVERTY LEVEL FOR
5 THE SCHOOL YEAR PRECEDING THE SCHOOL YEAR FOR WHICH THE
6 APPLICATION IS BEING MADE AND WHO RESIDES WITHIN ANY OF THE
7 FOLLOWING:

8 (I) A FIRST CLASS SCHOOL DISTRICT;

9 (II) A SCHOOL DISTRICT WITH AN AVERAGE DAILY
10 MEMBERSHIP GREATER THAN 7,500 AND THAT RECEIVES AN
11 ADVANCE OF ITS BASIC EDUCATION SUBSIDY AT ANY TIME; OR

12 (III) A SCHOOL DISTRICT THAT RECEIVES AN ADVANCE OF
13 ITS BASIC EDUCATION SUBSIDY AT ANY TIME AND IS EITHER
14 SUBJECT TO A DECLARATION OF FINANCIAL DISTRESS UNDER
15 SECTION 691 OF THE PUBLIC SCHOOL CODE OF 1949 OR ENGAGED
16 IN LITIGATION AGAINST THE COMMONWEALTH IN WHICH THE
17 SCHOOL DISTRICT SEEKS FINANCIAL ASSISTANCE FROM THE
18 COMMONWEALTH TO ALLOW THE SCHOOL DISTRICT TO CONTINUE TO
19 OPERATE.

20 * * *

21 SECTION 29. ARTICLE XVIII-A OF THE ACT, ADDED MAY 12, 1999
22 (P.L.26, NO.4), IS REPEALED:

23 [ARTICLE XVIII-A
24 COAL WASTE REMOVAL AND ULTRACLEAN FUELS
25 TAX CREDIT

26 SECTION 1801-A. SHORT TITLE.--THIS ARTICLE SHALL BE KNOWN
27 AND MAY BE CITED AS THE "COAL WASTE REMOVAL AND ULTRACLEAN FUELS
28 ACT."

29 SECTION 1802-A. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
30 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANINGS

1 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
2 CLEARLY INDICATES A DIFFERENT MEANING:

3 "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE OF THE
4 COMMONWEALTH.

5 "DEVELOPER" MEANS THE OWNER-OPERATOR OF A FACILITY, AS
6 DEFINED IN THIS SECTION, OR THE OPERATOR OF THE FACILITY THAT
7 HAS SOLD THE FACILITY IN NEW CONDITION TO A THIRD PARTY FROM
8 WHOM THAT OPERATOR HAS SIMULTANEOUSLY LEASED BACK THE FACILITY
9 FOR A MINIMUM PERIOD OF TWELVE YEARS.

10 "FACILITY" INCLUDES ALL PLANT AND EQUIPMENT PURCHASED OR
11 CONSTRUCTED BY OR ON BEHALF OF THE DEVELOPER WHICH IS USED
12 WITHIN THIS COMMONWEALTH BY THE DEVELOPER TO PRODUCE ONE OR MORE
13 QUALIFIED FUELS.

14 "INTERNAL REVENUE CODE" MEANS THE INTERNAL REVENUE CODE OF
15 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.).

16 "QUALIFIED FUELS" MEANS THOSE FUELS PRODUCED FROM
17 NONTRADITIONAL COAL CULM AND SILT FEEDSTOCKS AS DEFINED IN
18 SECTION 29(C) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW
19 99-514, 26 U.S.C. § 29(C)).

20 "QUALIFYING PROPERTY" MEANS TANGIBLE PERSONAL PROPERTY AND
21 OTHER FORMS OF TANGIBLE PROPERTY WHICH QUALIFY FOR INVESTMENT
22 TAX CREDIT TREATMENT AND WHICH MEET ALL OF THE FOLLOWING
23 REQUIREMENTS:

24 (1) BE ACQUIRED THROUGH A PURCHASE, AS DEFINED UNDER SECTION
25 179(D) (2) OF THE INTERNAL REVENUE CODE (26 U.S.C. § 179(D) (2)),
26 OR CONSTRUCTED BY THE DEVELOPER FOR ITS OWN USE.

27 (2) BE DEPRECIABLE UNDER SECTION 167 OF THE INTERNAL REVENUE
28 CODE (26 U.S.C. § 167).

29 (3) HAVE A USEFUL LIFE OF GREATER THAN OR EQUAL TO FOUR
30 YEARS.

1 (4) BE LOCATED WITHIN THIS COMMONWEALTH.

2 (5) BE USED BY THE DEVELOPER IN THE PRODUCTION OF QUALIFIED
3 FUELS.

4 (6) BE ACQUIRED BY PURCHASE OR CONSTRUCTED ON OR AFTER
5 JANUARY 1, 2000, AND BEFORE JANUARY 1, 2013.

6 (7) NOT BE THE SUBJECT OF ANY TAX CREDIT OTHERWISE AVAILABLE
7 TO THE DEVELOPER UNDER THIS ACT.

8 "TAX CREDIT BASE" MEANS ONLY THE COST OR OTHER BASIS OF
9 QUALIFYING PROPERTY THAT IS PROPERLY TRANSFERRED TO THE
10 FACILITY'S BASIS FOR DEPRECIATION FOR FEDERAL INCOME TAX
11 PURPOSES BETWEEN JANUARY 1, 2000, AND DECEMBER 31, 2012.

12 SECTION 1803-A. INVESTMENT TAX CREDITS PROGRAM.--(A) A
13 DEVELOPER OF A NEW FACILITY FOR THE PRODUCTION OF ONE OR MORE
14 QUALIFIED FUELS SHALL BE ALLOWED AN INVESTMENT TAX CREDIT
15 AGAINST THE TAXES IMPOSED UNDER ARTICLES II, IV AND VI OF THIS
16 ACT. THE AMOUNT OF THE CREDIT SHALL BE COMPUTED AS A PERCENTAGE
17 APPLIED TO THE COST OR OTHER BASIS FOR FEDERAL INCOME TAX
18 PURPOSES OF QUALIFYING PROPERTY.

19 (B) (1) THE INVESTMENT TAX CREDIT SHALL BE COMPUTED AS
20 FIFTEEN PER CENT OF THE TAX CREDIT BASE.

21 (2) THE MAXIMUM INVESTMENT TAX CREDIT AVAILABLE FOR
22 APPLICATION, WHETHER CLAIMED BY ONE OR MORE TAXPAYERS, SHALL NOT
23 EXCEED FIFTEEN PER CENT OF THE CAPITAL COST OF THE FACILITY.

24 (3) ANY AMOUNT OF ALLOWABLE INVESTMENT TAX CREDIT NOT USED
25 IN THE TAX YEAR FOR WHICH THE CREDIT WAS CLAIMED CAN BE CARRIED
26 FORWARD BY THE CLAIMING TAXPAYER TO SUCCEEDING YEARS UNTIL THE
27 FULL AMOUNT OF ALLOWABLE CREDIT HAS BEEN USED.

28 (C) (1) THE DEVELOPER, UPON NOTICE TO THE DEPARTMENT AS
29 SPECIFIED BY THE DEPARTMENT, MAY SELL OR ASSIGN, IN WHOLE OR IN
30 PART, ANY INVESTMENT TAX CREDIT AFFORDED UNDER THIS SECTION TO

1 ONE OR MORE TAXPAYERS IF NO CLAIM FOR ALLOWANCE OF SUCH CREDIT
2 HAS BEEN FILED.

3 (2) A TAXPAYER RECIPIENT BY PURCHASE OR ASSIGNMENT OF ANY
4 PORTION OF THE DEVELOPER'S INVESTMENT TAX CREDIT UNDER PARAGRAPH
5 (1) SHALL INITIALLY CLAIM SUCH CREDIT, UPON NOTICE TO THE
6 DEPARTMENT OF THE DERIVATIVE BASIS OF THE CREDIT IN COMPLIANCE
7 WITH PROCEDURES SPECIFIED BY THE DEPARTMENT, FOR THE TAX YEAR IN
8 WHICH THE PURCHASE OR ASSIGNMENT IS MADE, BUT IN NO EVENT
9 SUBSEQUENT TO THE FILING OF AN INCOME TAX RETURN FOR THE YEAR
10 2012.

11 (3) ANY TAXPAYER WHO ACQUIRES ANY PORTION OF THE DEVELOPER'S
12 INVESTMENT TAX CREDIT BY SALE OR ASSIGNMENT FOR VALUE AND
13 WITHOUT NOTICE BY THE DEVELOPER OF ANY IRREGULARITY OR
14 INVALIDITY SHALL NOT SUFFER ANY DISALLOWANCE OF THE CREDIT OR
15 THE IMPOSITION OF ANY ADJUSTMENT OR FRAUD PENALTY ATTRIBUTABLE
16 TO CONDUCT BY THE DEVELOPER.

17 (D) (1) IF PRIOR TO THE EXPIRATION OF ANY QUALIFYING
18 PROPERTY'S USEFUL LIFE, AS USED TO CALCULATE DEPRECIATION FOR
19 FEDERAL INCOME TAX PURPOSES, THE DEVELOPER, UPON MANDATORY
20 NOTICE TO THE DEPARTMENT IN COMPLIANCE WITH PROCEDURES SPECIFIED
21 BY THE DEPARTMENT, DISPOSES OF ANY QUALIFYING PROPERTY, IN A
22 TRANSACTION OTHER THAN A SALE-LEASEBACK TRANSACTION, UPON WHICH
23 THE DEPARTMENT HAS PREVIOUSLY ALLOWED AN INVESTMENT TAX CREDIT
24 CLAIMED BY ANY TAXPAYER, A PORTION OF ALL SUCH CREDIT SHALL BE
25 RECAPTURED AND ADDED TO THE DEVELOPER'S TAX LIABILITY FOR THE
26 TAX YEAR IN WHICH THE QUALIFYING PROPERTY IS DISPOSED.

27 (2) THE PORTION OF THE INVESTMENT TAX CREDIT PREVIOUSLY
28 ALLOWED, WHICH IS SUBJECT TO RECAPTURE FROM THE DEVELOPER, SHALL
29 BE EQUAL TO A FRACTION WHOSE NUMERATOR IS THE NUMBER OF YEARS
30 REMAINING TO FULLY DEPRECIATE FOR FEDERAL INCOME TAX PURPOSES

1 THE QUALIFYING PROPERTY DISPOSED AND WHOSE DENOMINATOR IS THE
2 TOTAL NUMBER OF YEARS OVER WHICH THE PROPERTY OTHERWISE WOULD
3 HAVE BEEN SUBJECT TO DEPRECIATION BY THE DEVELOPER.

4 (3) IN CALCULATING THE RECAPTURE PERCENTAGE, THE YEAR OF
5 DISPOSITION OF THE QUALIFYING PROPERTY IS CONSIDERED A YEAR OF
6 REMAINING DEPRECIATION.

7 (E) THE DEPARTMENT SHALL VERIFY THE VALIDITY OF ANY CLAIM
8 FOR ALLOWANCE OF ANY INVESTMENT TAX CREDIT AFFORDED UNDER THIS
9 SECTION AND, IN THE CASE OF A FRAUDULENT CLAIM, MAY ASSESS
10 AGAINST THE DEVELOPER A PENALTY OF ONE HUNDRED AND TWENTY-FIVE
11 PER CENT OF THE CREDIT IMPROPERLY CLAIMED.

12 (F) THE TAX CREDITS AUTHORIZED BY THIS SECTION SHALL NOT
13 EXCEED EIGHTEEN MILLION DOLLARS (\$18,000,000) IN THE AGGREGATE
14 DURING ANY YEAR.

15 SECTION 1804-A. CONTRACT REQUIRED.--(A) IN ORDER FOR A
16 DEVELOPER TO CLAIM INVESTMENT TAX CREDITS UNDER THIS ARTICLE,
17 THE DEVELOPER MUST ENTER INTO A CONTRACT WITH THE COMMONWEALTH
18 THAT PROVIDES AS FOLLOWS:

19 (1) THE TERM OF THE CONTRACT SHALL BE TWENTY-FIVE YEARS,
20 BEGINNING WITH THE FIRST TAX YEAR IN WHICH THE INVESTMENT TAX
21 CREDITS ARE CLAIMED.

22 (2) THE DEVELOPER SHALL MAKE PERIODIC PAYMENTS TO THE
23 COMMONWEALTH, WHICH PAYMENTS MAY NOT EXCEED IN THE AGGREGATE
24 FORTY-SIX MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$46,800,000)
25 OVER THE TERM OF THE CONTRACT.

26 (3) THE PERIODIC PAYMENTS SHALL OCCUR EVERY FIVE YEARS AND
27 EACH PAYMENT SHALL BE NINE MILLION THREE HUNDRED SIXTY THOUSAND
28 DOLLARS (\$9,360,000), EXCEPT AS PROVIDED IN PARAGRAPHS (4), (5)
29 AND (6).

30 (4) FOR THE FIRST FIVE-YEAR PERIOD, THE AMOUNT SPECIFIED IN

1 PARAGRAPH (3) SHALL BE REDUCED BY:

2 (I) AN AMOUNT EQUAL TO THE BUSINESS LOSSES OF THE DEVELOPER,
3 IF ANY, RELATING TO THE FACILITY THAT ARE SUSTAINED IN THE FIRST
4 AND SECOND YEARS OF THE CONTRACT, PROVIDED SUCH AMOUNT DOES NOT
5 EXCEED THREE MILLION SEVEN HUNDRED FORTY-FOUR THOUSAND DOLLARS
6 (\$3,744,000) FOR BOTH YEARS.

7 (II) ALLOWABLE OFFSETS IDENTIFIED IN SUBSECTION (B),
8 PROVIDED THAT SUCH OFFSETS DO NOT EXCEED NINE MILLION THREE
9 HUNDRED SIXTY THOUSAND DOLLARS (\$9,360,000).

10 (5) FOR THE REMAINING FIVE-YEAR PERIODS, THE AMOUNT
11 SPECIFIED IN PARAGRAPH (3) SHALL BE REDUCED BY THE AMOUNT OF
12 ALLOWABLE OFFSETS IDENTIFIED IN SUBSECTION (B), PROVIDED THAT
13 SUCH OFFSETS DO NOT EXCEED NINE MILLION THREE HUNDRED SIXTY
14 THOUSAND DOLLARS (\$9,360,000) DURING ANY FIVE-YEAR PERIOD.

15 (6) TO THE EXTENT THE AMOUNT OF ALLOWABLE OFFSETS DURING ANY
16 FIVE-YEAR PERIOD EXCEEDS NINE MILLION THREE HUNDRED SIXTY
17 THOUSAND DOLLARS (\$9,360,000), THE EXCESS MAY BE CARRIED OVER
18 AND ADDED TO THE ALLOWABLE OFFSETS TAKEN IN THE FOLLOWING FIVE-
19 YEAR PERIOD, PROVIDED THAT THE EXCESS IS APPLIED FIRST.

20 (B) FOR PURPOSES OF THIS SECTION, "ALLOWABLE OFFSET"
21 INCLUDES ALL OF THE FOLLOWING:

22 (1) AN AMOUNT EQUAL TO THE CORPORATE NET INCOME TAX, CAPITAL
23 STOCK AND FRANCHISE TAX AND PERSONAL INCOME TAX RELATED TO THE
24 CONSTRUCTION, OWNERSHIP AND OPERATION OF THE FACILITY.

25 (2) AN AMOUNT EQUAL TO ALL PERSONAL INCOME TAX WITHHELD FROM
26 THE DEVELOPER'S EMPLOYEES.

27 (3) AN AMOUNT EQUAL TO ALL SALES AND USE TAX RELATED TO THE
28 OPERATION AND CONSTRUCTION OF THE FACILITY.

29 (4) THE AMOUNT PAID BY THE DEVELOPER OF ANY NEW TAX ENACTED
30 BY THE COMMONWEALTH FOLLOWING THE EFFECTIVE DATE OF THIS

1 ARTICLE.

2 SECTION 1805-A. REQUIREMENTS.--TAX CREDITS AUTHORIZED BY
3 THIS ARTICLE SHALL NOT BE GRANTED UNLESS THE DEVELOPER HAS
4 OBTAINED AN INVESTMENT TAX CREDIT FROM THE FEDERAL GOVERNMENT OR
5 AN INVESTMENT BY A PERSON OTHER THAN AN AGENCY OR
6 INSTRUMENTALITY OF THE COMMONWEALTH, OR ANY COMBINATION THEREOF,
7 IN AN AMOUNT EQUAL TO OR GREATER THAN THE TAX CREDIT GRANTED BY
8 THIS ARTICLE.]

9 SECTION 29.1. SECTION 1804-B(D) OF THE ACT, AMENDED JULY 2,
10 2012 (P.L.751, NO.85), IS AMENDED TO READ:

11 SECTION 1804-B. TAX CREDITS.

12 * * *

13 (D) TAX CREDIT TERM.--

14 (1) A COMPANY MAY CLAIM THE JOB CREATION TAX CREDIT FOR EACH
15 NEW JOB CREATED, AS APPROVED BY THE DEPARTMENT, FOR A ONE-YEAR,
16 TWO-YEAR OR THREE-YEAR PERIOD AS AUTHORIZED BY THE DEPARTMENT,
17 EXCEPT THAT NO TAX CREDIT MAY BE CLAIMED FOR MORE THAN FIVE
18 YEARS FROM THE DATE THE COMPANY FIRST SUBMITS A JOB CREATION TAX
19 CREDIT CERTIFICATE.

20 (2) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (1), NOTHING
21 IN THIS ARTICLE SHALL BE CONSTRUED TO PROHIBIT THE DEPARTMENT OF
22 COMMUNITY AND ECONOMIC DEVELOPMENT FROM AWARDING THE TOTAL
23 AMOUNT OF TAX CREDIT AUTHORIZED FOR A MULTIPLE YEAR TAX CREDIT
24 IN THE FIRST YEAR IN WHICH THE NEW JOB IS CREATED AND THE TAX
25 CREDIT EARNED.

26 * * *

27 SECTION 30. ARTICLE XVIII-C HEADING OF THE ACT, ADDED JULY
28 9, 2008 (P.L.922, NO.66), IS AMENDED TO READ:

29 ARTICLE XVIII-C

30 [(RESERVED)]

1 CITY REVITALIZATION AND IMPROVEMENT ZONES

2 SECTION 31. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:
3 SECTION 1801-C. SCOPE OF ARTICLE.

4 THIS ARTICLE RELATES TO CITY REVITALIZATION AND IMPROVEMENT
5 ZONES.

6 SECTION 1802-C. 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 "BASELINE YEAR." THE CALENDAR YEAR IN WHICH A ZONE WAS
11 ESTABLISHED.

12 "BOND." THE TERM INCLUDES ANY NOTE, INSTRUMENT, REFUNDING
13 NOTE OR OTHER EVIDENCE OF INDEBTEDNESS OR OBLIGATION.

14 "CITY." A CITY OF THE THIRD CLASS WITH A POPULATION OF AT
15 LEAST 30,000 BASED ON THE MOST RECENT FEDERAL DECENNIAL CENSUS.
16 THE TERM SHALL NOT INCLUDE A CITY THAT HAS HAD A RECEIVER
17 APPOINTED UNDER CHAPTER 7 OF THE ACT OF JULY 10, 1987 (P.L.246,
18 NO.47), KNOWN AS THE MUNICIPALITIES FINANCIAL RECOVERY ACT.

19 "CITY REVITALIZATION AND IMPROVEMENT ZONE." AN AREA OF NOT
20 MORE THAN 130 ACRES, COMPRISED OF PARCELS DESIGNATED BY THE
21 CONTRACTING AUTHORITY, WHICH WILL PROVIDE ECONOMIC DEVELOPMENT
22 AND JOB CREATION WITHIN A CITY.

23 "CONTRACTING AUTHORITY." AN AUTHORITY ESTABLISHED UNDER 53
24 PA.C.S. CH. 56 (RELATING TO MUNICIPAL AUTHORITIES) BY A CITY OR
25 HOME RULE COUNTY FOR THE PURPOSE OF:

26 (1) DESIGNATING ZONES; AND

27 (2) ENGAGING IN THE CONSTRUCTION, INCLUDING RELATED SITE
28 PREPARATION AND INFRASTRUCTURE, RECONSTRUCTION OR RENOVATION
29 OF FACILITIES.

30 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

1 "EARNED INCOME TAX." A TAX IMPOSED ON EARNED INCOME WITHIN A
2 ZONE UNDER THE ACT OF DECEMBER 31, 1965 (P.L.1257, NO.511),
3 KNOWN AS THE LOCAL TAX ENABLING ACT, WHICH A CITY, OR A SCHOOL
4 DISTRICT CONTAINED ENTIRELY WITHIN THE BOUNDARIES OF OR
5 COTERMINOUS WITH THE CITY, IS ENTITLED TO RECEIVE.

6 "ELIGIBLE TAX." ANY OF THE FOLLOWING TAXES:

7 (1) CORPORATE NET INCOME TAX, CAPITAL STOCK AND
8 FRANCHISE TAX, BANK SHARES TAX OR BUSINESS PRIVILEGE TAX,
9 CALCULATED AND APPORTIONED AS TO AMOUNT ATTRIBUTABLE TO THE
10 LOCATION WITHIN THE ZONE AND CALCULATED UNDER SECTION
11 1904-B(B) AND (C).

12 (2) AMUSEMENT TAX, ONLY TO THE EXTENT THE TAX IS
13 RELATED TO THE ACTIVITY OF A QUALIFIED BUSINESS WITHIN THE
14 ZONE.

15 (3) SALES AND USE TAX, ONLY TO THE EXTENT THE TAX IS
16 RELATED TO THE ACTIVITY OF A QUALIFIED BUSINESS WITHIN THE
17 ZONE.

18 (4) PERSONAL INCOME TAX WITHHELD FROM ITS EMPLOYEES BY A
19 QUALIFIED BUSINESS FOR WORK PERFORMED IN THE ZONE.

20 (5) LOCAL SERVICES TAX WITHHELD FROM ITS EMPLOYEES BY A
21 QUALIFIED BUSINESS FOR WORK PERFORMED IN THE ZONE.

22 (6) EARNED INCOME TAX WITHHELD FROM ITS EMPLOYEES BY A
23 QUALIFIED BUSINESS FOR WORK PERFORMED IN THE ZONE.

24 (7) TAX PAID TO THE COMMONWEALTH ON THE SALE OF LIQUOR,
25 WINE OR MALT OR BREWED BEVERAGES IN THE ZONE.

26 THE TERM DOES NOT INCLUDE CIGARETTE TAX.

27 "FACILITY." A STRUCTURE OR COMPLEX OF STRUCTURES TO BE USED
28 FOR COMMERCIAL, SPORTS, EXHIBITION, HOSPITALITY, CONFERENCE,
29 RETAIL, COMMUNITY, OFFICE, RECREATIONAL OR MIXED-USE PURPOSES.

30 "OFFICE." THE OFFICE OF THE BUDGET.

1 "PILOT ZONE." AN AREA OF NOT MORE THAN 130 ACRES DESIGNATED
2 BY THE AUTHORITY FOLLOWING APPLICATION AND APPROVAL BY THE
3 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, THE OFFICE AND
4 THE DEPARTMENT WHICH WILL PROVIDE ECONOMIC DEVELOPMENT AND JOB
5 CREATION WITHIN A TOWNSHIP OR BOROUGH, WITH A POPULATION OF AT
6 LEAST 7,000 BASED ON THE MOST RECENT FEDERAL DECENNIAL CENSUS.

7 "QUALIFIED BUSINESS." AS FOLLOWS:

8 (1) AN ENTITY LOCATED OR PARTIALLY LOCATED IN A ZONE
9 WHICH MEETS THE REQUIREMENTS OF ALL OF THE FOLLOWING:

10 (I) HAS CONDUCTED AN ACTIVE TRADE OR BUSINESS IN THE
11 ZONE.

12 (II) APPEARS ON THE TIMELY FILED LIST UNDER SECTION
13 1807-C(A).

14 (2) A CONSTRUCTION CONTRACTOR ENGAGED IN CONSTRUCTION,
15 INCLUDING INFRASTRUCTURE OR SITE PREPARATION, RECONSTRUCTION
16 OR RENOVATION OF A FACILITY LOCATED IN OR PARTIALLY IN THE
17 ZONE.

18 (3) THE TERM DOES NOT INCLUDE AN AGENT, BROKER OR
19 REPRESENTATIVE OF A BUSINESS.

20 "ZONE." ANY OF THE FOLLOWING:

21 (1) A CITY REVITALIZATION AND IMPROVEMENT ZONE.

22 (2) A PILOT ZONE.

23 "ZONE FUND." A CITY REVITALIZATION AND IMPROVEMENT ZONE FUND
24 ESTABLISHED UNDER SECTION 1808-C.

25 SECTION 1803-C. ESTABLISHMENT OF CONTRACTING AUTHORITY.

26 (A) CITIES.--EXCEPT AS SET FORTH IN SUBSECTION (B), A CITY
27 MAY ESTABLISH A CONTRACTING AUTHORITY TO DESIGNATE A ZONE UNDER
28 THIS ARTICLE.

29 (B) DISTRESSED CITIES.--A CITY THAT IS A DISTRESSED CITY
30 UNDER THE ACT OF JULY 10, 1987 (P.L.246, NO.47), KNOWN AS THE

1 MUNICIPALITIES FINANCIAL RECOVERY ACT, AND IS LOCATED IN A HOME
2 RULE COUNTY MAY NOT ESTABLISH A CONTRACTING AUTHORITY UNDER THIS
3 ARTICLE.

4 (C) COUNTIES.--THE HOME RULE COUNTY WHERE A DISTRESSED CITY
5 UNDER THE MUNICIPALITIES FINANCIAL RECOVERY ACT IS LOCATED MAY
6 ESTABLISH A CONTRACTING AUTHORITY TO DESIGNATE A ZONE UNDER THIS
7 ARTICLE WITHIN THE DISTRESSED CITY.
8 SECTION 1804-C. APPROVAL.

9 (A) SUBMISSION.--A CONTRACTING AUTHORITY MAY APPLY TO THE
10 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT FOR APPROVAL OF
11 A ZONE PLAN. THE APPLICATION MUST INCLUDE ALL OF THE FOLLOWING:

12 (1) A PLAN TO ESTABLISH ONE OR MORE FACILITIES WHICH
13 WILL PROMOTE ECONOMIC DEVELOPMENT.

14 (2) AN ECONOMIC DEVELOPMENT PLAN.

15 (3) SPECIFIC INFORMATION RELATING TO THE FACILITY WHICH
16 WILL BE CONSTRUCTED, INCLUDING INFRASTRUCTURE AND SITE
17 PREPARATION, RECONSTRUCTED OR RENOVATED AS PART OF THE PLAN.

18 (4) OTHER INFORMATION AS REQUIRED BY THE DEPARTMENT OF
19 COMMUNITY AND ECONOMIC DEVELOPMENT, THE OFFICE OR THE
20 DEPARTMENT.

21 (5) A DESIGNATION OF THE SPECIFIC GEOGRAPHIC AREA,
22 INCLUDING PARCEL NUMBERS AND A MAP OF THE ZONE WITH PARCEL
23 NUMBERS, OF WHICH THE ZONE WILL CONSIST.

24 (B) AGENCIES.--THE DEPARTMENT OF COMMUNITY AND ECONOMIC
25 DEVELOPMENT, THE OFFICE AND THE DEPARTMENT MUST APPROVE EACH
26 APPLICATION.

27 (C) APPROVAL SCHEDULE.--THE DEPARTMENT OF COMMUNITY AND
28 ECONOMIC DEVELOPMENT SHALL DEVELOP A SCHEDULE FOR THE APPROVAL
29 OF APPLICATIONS UNDER THIS SECTION AS FOLLOWS:

30 (1) FOLLOWING THE EFFECTIVE DATE OF THIS PARAGRAPH,

1 APPLICATIONS FOR TWO INITIAL ZONES MAY BE APPROVED.

2 (2) BEGINNING IN 2016, APPLICATIONS FOR TWO ADDITIONAL
3 ZONES MAY BE APPROVED EACH CALENDAR YEAR.

4 (3) FOLLOWING THE EFFECTIVE DATE OF THIS PARAGRAPH, THE
5 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, THE OFFICE
6 AND THE DEPARTMENT, MAY APPROVE ONE PILOT ZONE.

7 (D) TIME.--AN APPLICATION UNDER THIS SECTION SHALL BE
8 APPROVED OR DISAPPROVED WITHIN 90 DAYS OF THE POSTMARK DATE OF
9 SUBMISSION. AN APPLICATION WHICH IS NOT DISAPPROVED WITHIN THE
10 TIME PERIOD UNDER THIS SUBSECTION SHALL BE DEEMED TO BE
11 APPROVED.

12 (E) REAPPLICATION.--IF AN APPLICATION IS NOT APPROVED UNDER
13 THIS SECTION, THE APPLICANT MAY REVISE THE APPLICATION AND PLAN
14 AND REAPPLY FOR APPROVAL.

15 SECTION 1805-C. EXCLUSIONS.

16 A PART OF A ZONE MAY NOT INCLUDE A KEYSTONE OPPORTUNITY ZONE,
17 KEYSTONE OPPORTUNITY EXPANSION ZONE, KEYSTONE OPPORTUNITY
18 IMPROVEMENT ZONE, KEYSTONE INNOVATION ZONE, KEYSTONE SPECIAL
19 DEVELOPMENT ZONE, NEIGHBORHOOD IMPROVEMENT ZONE OR STRATEGIC
20 DEVELOPMENT AREA.

21 SECTION 1806-C. FUNCTIONS OF CONTRACTING AUTHORITIES.

22 (A) POWERS.--THE CONTRACTING AUTHORITY MAY DO ALL OF THE
23 FOLLOWING:

24 (1) DESIGNATE A ZONE WHERE A FACILITY MAY BE
25 CONSTRUCTED, INCLUDING INFRASTRUCTURE AND SITE PREPARATION,
26 RECONSTRUCTED OR RENOVATED.

27 (2) PROVIDE OR BORROW MONEY FOR ANY OF THE FOLLOWING
28 PURPOSES:

29 (I) DEVELOPMENT OR IMPROVEMENT WITHIN A ZONE.

30 (II) CONSTRUCTION, INCLUDING INFRASTRUCTURE AND SITE

1 PREPARATION, RECONSTRUCTION OR RENOVATION OF A FACILITY
2 WITHIN A ZONE WHICH WILL RESULT IN ECONOMIC DEVELOPMENT
3 IN ACCORDANCE WITH THE CONTRACTING AUTHORITY'S PLAN.

4 (B) MONEY FROM FUND.--A MEMBER OF THE CONTRACTING AUTHORITY
5 MAY NOT RECEIVE MONEY DIRECTLY OR INDIRECTLY FROM THE FUND.
6 SECTION 1807-C. QUALIFIED BUSINESSES.

7 (A) LIST.--BY JUNE 1 FOLLOWING THE END OF THE BASELINE YEAR,
8 AND FOR EVERY YEAR THEREAFTER, EACH CONTRACTING AUTHORITY SHALL
9 FILE WITH THE DEPARTMENT A COMPLETE LIST OF ALL BUSINESSES
10 LOCATED IN THE ZONE AND ALL CONSTRUCTION CONTRACTORS ENGAGED IN
11 CONSTRUCTION, RECONSTRUCTION OR RENOVATION OF A FACILITY IN THE
12 ZONE IN THE PRIOR CALENDAR YEAR. THE LIST SHALL INCLUDE FOR EACH
13 BUSINESS ADDRESS, STATE TAX IDENTIFICATION NUMBER AND PARCEL
14 NUMBER AND A MAP OF THE ZONE WITH PARCEL NUMBERS.

15 (B) TIME.--IF THE LIST UNDER SUBSECTION (A) IS NOT TIMELY
16 PROVIDED TO THE DEPARTMENT, NO ELIGIBLE STATE TAX SHALL BE
17 CERTIFIED BY THE DEPARTMENT FOR THE PRIOR CALENDAR YEAR.

18 (C) AUDIT.--THE CONTRACTING AUTHORITY SHALL HIRE AN
19 INDEPENDENT AUDITING FIRM TO PERFORM AN ANNUAL AUDIT VERIFYING
20 ALL OF THE FOLLOWING:

21 (1) THE CORRECT AMOUNT OF THE ELIGIBLE LOCAL TAX WAS
22 SUBMITTED TO THE LOCAL TAXING AUTHORITIES.

23 (2) THE LOCAL TAXING AUTHORITIES TRANSFERRED THE CORRECT
24 AMOUNT OF ELIGIBLE LOCAL TAX TO THE STATE TREASURER.

25 (3) THE MONEYS TRANSFERRED TO THE FUND WERE PROPERLY
26 EXPENDED.

27 (4) VERIFY THE CORRECT AMOUNT WAS REQUESTED UNDER
28 SECTION 1812-C(C).

29 SECTION 1808-C. FUNDS.

30 (A) NOTICE.--FOLLOWING THE DESIGNATION OF A ZONE, THE

1 CONTRACTING AUTHORITY SHALL NOTIFY THE STATE TREASURER.

2 (B) ESTABLISHMENT.--UPON RECEIPT OF NOTICE UNDER SUBSECTION

3 (A), THE STATE TREASURER SHALL ESTABLISH FOR EACH ZONE A SPECIAL

4 FUND FOR THE BENEFIT OF THE CONTRACTING AUTHORITY TO BE KNOWN AS

5 THE CITY REVITALIZATION AND IMPROVEMENT ZONE FUND. INTEREST

6 INCOME DERIVED FROM INVESTMENT OF MONEY IN A FUND SHALL BE

7 CREDITED BY THE STATE TREASURY TO THE FUND.

8 SECTION 1809-C. REPORTS.

9 (A) STATE ZONE REPORT.--BY JUNE 15 FOLLOWING THE BASELINE

10 YEAR AND EACH YEAR THEREAFTER, EACH QUALIFIED BUSINESS SHALL

11 FILE A REPORT WITH THE DEPARTMENT IN A FORM OR MANNER REQUIRED

12 BY THE DEPARTMENT WHICH INCLUDES ALL OF THE FOLLOWING:

13 (1) AMOUNT OF EACH ELIGIBLE TAX WHICH WAS PAID TO THE

14 COMMONWEALTH BY THE QUALIFIED BUSINESS IN THE PRIOR CALENDAR

15 YEAR.

16 (2) AMOUNT OF EACH ELIGIBLE TAX REFUND RECEIVED FROM THE

17 COMMONWEALTH IN THE PRIOR CALENDAR YEAR BY THE QUALIFIED

18 BUSINESS.

19 (B) LOCAL ZONE REPORT.--BY JUNE 15 FOLLOWING THE BASELINE

20 YEAR AND FOR EACH YEAR THEREAFTER, EACH QUALIFIED BUSINESS SHALL

21 FILE A REPORT WITH THE LOCAL TAXING AUTHORITY WHICH INCLUDES ALL

22 OF THE FOLLOWING:

23 (1) AMOUNT OF EACH ELIGIBLE TAX WHICH WAS PAID TO THE

24 LOCAL TAXING AUTHORITY BY THE QUALIFIED BUSINESS IN THE PRIOR

25 CALENDAR YEAR.

26 (2) AMOUNT OF EACH ELIGIBLE TAX REFUND RECEIVED FROM THE

27 LOCAL TAXING AUTHORITY IN THE PRIOR CALENDAR YEAR BY THE

28 QUALIFIED BUSINESS.

29 (C) PENALTIES.--

30 (1) FAILURE TO FILE A TIMELY AND COMPLETE REPORT UNDER

1 SUBSECTION (A) OR (B) MAY RESULT IN THE IMPOSITION OF A
2 PENALTY OF THE LESSER OF:

3 (I) TEN PERCENT OF ALL ELIGIBLE TAX DUE THE TAXING
4 AUTHORITY IN THE PRIOR CALENDAR YEAR; OR

5 (II) ONE THOUSAND DOLLARS.

6 (2) A PENALTY FOR A VIOLATION OF SUBSECTION (A) SHALL BE
7 IMPOSED, ASSESSED AND COLLECTED BY THE DEPARTMENT UNDER
8 PROCEDURES SET FORTH IN ARTICLE II. MONEY COLLECTED UNDER
9 THIS PARAGRAPH SHALL BE DEPOSITED IN THE GENERAL FUND.

10 (3) A PENALTY FOR A VIOLATION OF SUBSECTION (B) SHALL BE
11 IMPOSED, ASSESSED AND COLLECTED BY THE POLITICAL SUBDIVISION
12 UNDER PROCEDURES FOR IMPOSING PENALTIES UNDER LOCAL TAX
13 COLLECTION LAWS.

14 (4) IF A LOCAL TAXING AUTHORITY IMPOSES THE PENALTY, THE
15 MONEY SHALL BE TRANSFERRED TO THE STATE TREASURER FOR DEPOSIT
16 IN THE FUND OF THE CONTRACTING AUTHORITY.

17 SECTION 1810-C. CALCULATION OF BASELINE.

18 (A) BASELINE TAX.--BY OCTOBER 15 FOLLOWING THE END OF THE
19 BASELINE YEAR AND FOR EACH YEAR THEREAFTER, THE DEPARTMENT SHALL
20 VERIFY THE STATE BASELINE TAX AMOUNT WHICH CONSISTS OF THE
21 FOLLOWING:

22 (1) FOR QUALIFIED BUSINESSES THAT FILE TIMELY ZONE STATE
23 REPORTS UNDER SECTION 1809-C(A), THE AMOUNT OF ELIGIBLE STATE
24 TAX PAID, LESS ELIGIBLE STATE TAX REFUNDS.

25 (2) FOR QUALIFIED BUSINESSES NOT INCLUDED UNDER
26 PARAGRAPH (1) BUT LOCATED OR PARTIALLY LOCATED IN THE ZONE AS
27 DETERMINED BY THE DEPARTMENT OR INCLUDED IN THE INFORMATION
28 RECEIVED BY THE DEPARTMENT UNDER SECTION 1809-C(A), THE
29 AMOUNT OF ELIGIBLE STATE TAX PAID, LESS ELIGIBLE STATE TAX
30 REFUNDS.

1 (B) MOVES AND NONINCLUSIONS.--

2 (1) THIS SUBSECTION APPLIES TO A QUALIFIED BUSINESS
3 THAT:

4 (I) MOVES INTO A ZONE FROM WITHIN THIS COMMONWEALTH
5 AFTER THE BASELINE YEAR; OR

6 (II) IS IN A ZONE BUT NOT INCLUDED IN THE
7 CALCULATION OF THE STATE BASELINE TAX UNDER SUBSECTION
8 (A).

9 (2) A QUALIFIED BUSINESS SUBJECT TO PARAGRAPH (1) SHALL
10 FILE A STATE ZONE REPORT UNDER SECTION 1809-C FOLLOWING THE
11 END OF THE FIRST FULL CALENDAR YEAR IN WHICH THE QUALIFIED
12 BUSINESS CONDUCTED BUSINESS IN THE ZONE AND EACH CALENDAR
13 YEAR THEREAFTER. THE AMOUNT OF ELIGIBLE STATE TAX VERIFIED BY
14 THE DEPARTMENT FOR THE QUALIFIED BUSINESS FOR THE PRIOR
15 CALENDAR YEAR SHALL BE ADDED TO THE STATE BASELINE TAX AMOUNT
16 FOR THE ZONE FOR THE PRIOR CALENDAR YEAR AND EACH YEAR
17 THEREAFTER.

18 (3) THE CALCULATION UNDER THIS SECTION MAY NOT INCLUDE
19 THE ELIGIBLE TAXES OF A QUALIFYING BUSINESS MOVING INTO THE
20 ZONE FROM OUTSIDE THIS COMMONWEALTH.

21 SECTION 1811-C. CERTIFICATION.

22 (A) AMOUNTS.--BY THE OCTOBER 15 FOLLOWING THE BASELINE YEAR,
23 AND EACH YEAR THEREAFTER, THE DEPARTMENT SHALL DO ALL OF THE
24 FOLLOWING FOR THE PRIOR CALENDAR YEAR:

25 (1) MAKE THE FOLLOWING CALCULATION FOR QUALIFIED
26 BUSINESSES WHICH FILE STATE ZONE REPORTS UNDER SECTION 1809-
27 C(A), SEPARATELY FOR EACH ZONE:

28 (I) SUBTRACT:

29 (A) THE AMOUNT OF ELIGIBLE STATE TAX REFUNDS
30 RECEIVED; FROM

1 (B) THE AMOUNT OF ELIGIBLE STATE TAX PAID.

2 (II) SUBTRACT:

3 (A) THE STATE TAX BASELINE AMOUNT FOR THE ZONE;

4 FROM

5 (B) THE DIFFERENCE UNDER SUBPARAGRAPH (I).

6 (2) CERTIFY TO THE OFFICE THE DIFFERENCE UNDER PARAGRAPH

7 (1) (II).

8 (B) CONTENT.---

9 (1) THE CERTIFICATION MAY INCLUDE THE FOLLOWING:

10 (I) ADJUSTMENT MADE TO TIMELY FILED ZONE REPORTS BY
11 THE DEPARTMENT FOR ELIGIBLE STATE TAX ACTUALLY PAID BY A
12 QUALIFIED BUSINESS IN THE PRIOR CALENDAR YEAR.

13 (II) ELIGIBLE STATE TAX REFUNDS PAID TO A QUALIFIED
14 BUSINESS IN THE ZONE IN A PRIOR CALENDAR YEAR.

15 (III) STATE TAX PENALTIES PAID BY A QUALIFIED
16 BUSINESS IN THE PRIOR YEAR UNDER SECTION 1809-C(C).

17 (2) THE CERTIFICATION SHALL NOT INCLUDE THE FOLLOWING:

18 (I) TAX PAID BY A QUALIFIED BUSINESS THAT DID NOT
19 FILE A TIMELY STATE ZONE REPORT UNDER SECTION 1809-C(A).

20 (II) TAX PAID BY A QUALIFIED BUSINESS WHOSE TAX WAS
21 NOT INCLUDED IN THE STATE TAX BASELINE AMOUNT CALCULATION
22 UNDER SECTION 1810-C.

23 (III) TAX PAID BY A QUALIFYING BUSINESS NOT
24 APPEARING ON A TIMELY FILED LIST UNDER SECTION 1807-C(A).

25 (C) SUBMISSION.--THE FOLLOWING SHALL APPLY:

26 (1) AN ENTITY COLLECTING AN ELIGIBLE LOCAL TAX WITHIN THE
27 ZONE SHALL, BY OCTOBER 15 FOLLOWING THE BASELINE YEAR, AND EACH
28 YEAR THEREAFTER, SUBMIT THE FOLLOWING TO THE STATE TREASURER FOR
29 TRANSFER TO THE FUND:

30 (I) THE ELIGIBLE LOCAL TAX COLLECTED IN THE PRIOR

1 CALENDAR YEAR;
2 (II) LESS THE AMOUNT OF ELIGIBLE LOCAL TAX REFUNDS
3 ISSUED IN THE PRIOR CALENDAR YEAR; AND
4 (III) LESS THE AMOUNT OF LOCAL BASELINE TAX FOR THE
5 ZONE.

6 (2) THE INFORMATION UNDER THIS SUBSECTION SHALL ALSO BE
7 CERTIFIED BY THE LOCAL TAXING AUTHORITY TO THE DEPARTMENT OF
8 COMMUNITY AND ECONOMIC DEVELOPMENT, THE OFFICE AND THE
9 DEPARTMENT.

10 SECTION 1812-C. TRANSFERS.

11 (A) OFFICE.--WITHIN TEN DAYS OF RECEIVING THE CERTIFICATION
12 FROM THE DEPARTMENT UNDER SECTION 1811-C, THE OFFICE SHALL
13 DIRECT THE STATE TREASURER TO TRANSFER THE AMOUNT OF CERTIFIED
14 ELIGIBLE STATE ZONE TAX FROM THE GENERAL FUND TO EACH FUND OF A
15 CONTRACTING AUTHORITY.

16 (B) STATE TREASURER.--WITHIN TEN DAYS OF RECEIVING DIRECTION
17 UNDER SUBSECTION (A), THE STATE TREASURER SHALL PAY INTO THE
18 FUND THE AMOUNT DIRECTED UNDER SUBSECTION (A) UNTIL BONDS ISSUED
19 TO FINANCE THE CONSTRUCTION, INCLUDING RELATED INFRASTRUCTURE
20 AND SITE PREPARATION, RECONSTRUCTION OR RENOVATION OF A FACILITY
21 OR OTHER ELIGIBLE PROJECT IN THE ZONE ARE RETIRED.

22 (C) NOTIFICATION.--THE FOLLOWING SHALL APPLY:

23 (1) IF THE TRANSFERS UNDER SUBSECTION (A) AND SECTION
24 1811-C(C) ARE INSUFFICIENT TO MAKE PAYMENTS ON THE BONDS
25 ISSUED UNDER SECTION 1813-C(A) (1) FOR THE CALENDAR YEAR WHEN
26 THE TRANSFERS ARE MADE, THE CONTRACTING AUTHORITY SHALL
27 NOTIFY THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT,
28 THE OFFICE AND THE DEPARTMENT OF THE AMOUNT OF ADDITIONAL
29 MONEY NECESSARY TO MAKE PAYMENTS ON THE BONDS.

30 (2) THE NOTIFICATION UNDER PARAGRAPH (1) MUST BE

1 ACCOMPANIED BY A DETAILED ACCOUNT OF THE CONTRACTING
2 AUTHORITY'S EXPENDITURES AND THE CALCULATION WHICH RESULTED
3 IN THE REQUEST FOR ADDITIONAL MONEY. THE DEPARTMENT OF
4 COMMUNITY AND ECONOMIC DEVELOPMENT, THE OFFICE OR THE
5 DEPARTMENT MAY REQUEST ADDITIONAL INFORMATION FROM THE
6 CONTRACTING AUTHORITY AND SHALL JOINTLY VERIFY THE PROPER
7 AMOUNT OF MONEY NECESSARY TO MAKE THE PAYMENTS ON THE BONDS.

8 (3) NOTWITHSTANDING 53 PA.C.S. § 5607(E), (RELATING TO
9 PURPOSES AND POWERS), WITHIN 90 DAYS OF THE DATE OF THE
10 NOTIFICATION REQUEST, THE OFFICE SHALL DIRECT THE STATE
11 TREASURER TO ESTABLISH A RESTRICTED ACCOUNT WITHIN THE
12 GENERAL FUND. THE OFFICE SHALL DIRECT THE STATE TREASURER TO
13 TRANSFER THE AMOUNT VERIFIED UNDER PARAGRAPH (2) FROM THE
14 GENERAL FUND TO THE RESTRICTED ACCOUNT FOR THE USE OF THE
15 CONTRACTING AUTHORITY TO MAKE PAYMENTS ON THE BONDS ISSUED
16 UNDER SECTION 1813-C(A) (1).

17 (4) MONEY TRANSFERRED UNDER PARAGRAPH (3):

18 (I) SHALL BE LIMITED TO 50% OF THE STATE TAX
19 BASELINE AMOUNT FOR THE CALENDAR YEAR PRIOR TO THE DATE
20 THE AMOUNT IS VERIFIED UNDER PARAGRAPH (2), NOT TO EXCEED
21 \$10,000,000; AND

22 (II) MUST OCCUR IN THE FIRST SEVEN CALENDAR YEARS
23 FOLLOWING THE BASELINE YEAR.

24 (4.1) UNDER EXTRAORDINARY CIRCUMSTANCES, A CONTRACTING
25 AUTHORITY MAY REQUEST MONEY IN EXCESS OF THE LIMITATIONS IN
26 PARAGRAPH (4) (I). THE DEPARTMENT OF COMMUNITY AND ECONOMIC
27 DEVELOPMENT, THE OFFICE AND THE DEPARTMENT SHALL DETERMINE
28 WHETHER THE CIRCUMSTANCES MERIT ADDITIONAL MONEY AND THE
29 AMOUNT TO BE TRANSFERRED. THE MONEY SHALL BE TRANSFERRED
30 UNDER THE PROCEDURE UNDER THIS SECTION.

1 (5) MONEY TRANSFERRED UNDER PARAGRAPH (4) SHALL BE
2 REPAID TO THE GENERAL FUND BY THE CONTRACTING AUTHORITY. IF
3 MONEY TRANSFERRED UNDER PARAGRAPH (3) IS NOT REPAID TO THE
4 GENERAL FUND BY THE CONTRACTING AUTHORITY BY THE DATE OF THE
5 FINAL PAYMENT ON THE BONDS ORIGINALLY ISSUED UNDER SECTION
6 1813-C(A) (1), THE CITY OR COUNTY WHICH ESTABLISHED THE
7 CONTRACTING AUTHORITY SHALL PAY THE MONEY NOT REPAID TO THE
8 GENERAL FUND PLUS AN ADDITIONAL PENALTY OF 10% OF THE AMOUNT
9 OUTSTANDING ON THE DATE OF THE FINAL PAYMENT ON THE BONDS
10 ORIGINALLY ISSUED UNDER SECTION 1813-C(A) (1).

11 SECTION 1813-C. RESTRICTIONS.

12 (A) UTILIZATION.--IF THE USE WAS APPROVED IN AN APPLICATION
13 FILED UNDER SECTION 1804-C, MONEY TRANSFERRED UNDER SECTION
14 1812-C MAY ONLY BE UTILIZED FOR THE FOLLOWING:

15 (1) PAYMENT OF DEBT SERVICE ON BONDS ISSUED FOR THE
16 CONSTRUCTION, INCLUDING RELATED INFRASTRUCTURE AND SITE
17 PREPARATION, RECONSTRUCTION OR RENOVATION OF A FACILITY IN
18 THE ZONE.

19 (2) CONSTRUCTION, INCLUDING RELATED INFRASTRUCTURE AND
20 SITE PREPARATION, RECONSTRUCTION OR RENOVATION OF ALL OR A
21 PART OF A FACILITY.

22 (3) REPLENISHMENT OF AMOUNTS IN DEBT SERVICE RESERVE
23 FUNDS ESTABLISHED TO PAY DEBT SERVICE ON BONDS.

24 (4) EMPLOYMENT OF AN INDEPENDENT AUDITING FIRM TO
25 PERFORM THE DUTIES UNDER SECTION 1807-C(C).

26 (5) IMPROVEMENT OR DEVELOPMENT OF ALL OR PART OF A ZONE.

27 (6) IMPROVEMENT PROJECTS, INCLUDING FIXTURES AND
28 EQUIPMENT FOR A FACILITY OWNED BY A PUBLIC AUTHORITY.

29 (B) PROHIBITION.--MONEY TRANSFERRED UNDER SECTION 1812-C MAY
30 NOT BE UTILIZED FOR MAINTENANCE OR REPAIR OF A FACILITY.

1 (C) EXCESS MONEY.--

2 (1) IF THE AMOUNT OF MONEY TRANSFERRED TO THE FUND UNDER
3 SECTIONS 1811-C(C) AND 1812-C IN ANY ONE CALENDAR YEAR
4 EXCEEDS THE MONEY UTILIZED UNDER THIS SECTION IN THAT
5 CALENDAR YEAR, THE CONTRACTING AUTHORITY SHALL SUBMIT BY
6 JANUARY 15 FOLLOWING THE END OF THE CALENDAR YEAR THE EXCESS
7 MONEY TO THE STATE TREASURER FOR DEPOSIT INTO THE GENERAL
8 FUND.

9 (2) AT THE TIME OF SUBMISSION TO THE STATE TREASURER,
10 THE CONTRACTING AUTHORITY SHALL SUBMIT TO THE STATE
11 TREASURER, THE OFFICE AND DEPARTMENT A DETAILED ACCOUNTING OF
12 THE CALCULATION RESULTING IN THE EXCESS MONEY.

13 (3) THE EXCESS MONEY SHALL BE CREDITED TO THE
14 CONTRACTING AUTHORITY AND APPLIED TO THE AMOUNT REQUIRED TO
15 BE REPAYED UNDER SECTION 1812-C(C) (5) UNTIL THERE IS FULL
16 REPAYMENT.

17 (D) MATCHING FUNDS.--

18 (1) THE AMOUNT OF MONEY TRANSFERRED FROM THE FUND
19 UTILIZED FOR THE CONSTRUCTION, INCLUDING RELATED SITE
20 PREPARATION AND INFRASTRUCTURE, RECONSTRUCTION OR RENOVATION
21 OF FACILITIES SHALL BE MATCHED BY PRIVATE MONEY AT A RATIO OF
22 FIVE FUND DOLLARS TO ONE PRIVATE DOLLAR.

23 (2) BY APRIL 1, FOLLOWING THE BASELINE YEAR AND FOR EACH
24 YEAR THEREAFTER, THE CONTRACTING AUTHORITY SHALL FILE AN
25 ANNUAL REPORT WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC
26 DEVELOPMENT, THE OFFICE AND THE DEPARTMENT THAT CONTAINS
27 DETAILED ACCOUNT OF THE FUND MONEY EXPENDITURES AND THE
28 PRIVATE MONEY EXPENDITURES AND A CALCULATION OF THE RATIO IN
29 PARAGRAPH (1) FOR THE PRIOR CALENDAR YEAR. THE AGENCIES SHALL
30 DETERMINE WHETHER SUFFICIENT PRIVATE MONEY WAS UTILIZED.

1 (3) IF IT IS DETERMINED THAT INSUFFICIENT PRIVATE MONEY
2 WAS UTILIZED UNDER PARAGRAPH (1), THE AMOUNT OF FUND MONEY
3 UTILIZED UNDER PARAGRAPH (1) IN THE PRIOR CALENDAR YEAR SHALL
4 BE DEDUCTED FROM THE NEXT TRANSFER OF THE FUND.

5 SECTION 1814-C. TRANSFER OF PROPERTY.

6 (A) PROPERTY.--PORTIONS OF A ZONE WHERE A FACILITY HAS NOT
7 BEEN CONSTRUCTED, RECONSTRUCTED OR RENOVATED USING MONEY UNDER
8 THIS ARTICLE MAY BE TRANSFERRED OUT OF THE ZONE. ADDITIONAL
9 ACREAGE, NOT TO EXCEED THE ACREAGE TRANSFERRED OUT OF THE ZONE,
10 MAY BE ADDED TO THE ZONE.

11 (B) APPROVAL.--A TRANSFER UNDER SUBSECTION (A) MUST BE
12 APPROVED BY THE DEPARTMENT OF COMMUNITY AND ECONOMIC
13 DEVELOPMENT, IN CONSULTATION WITH THE OFFICE AND THE DEPARTMENT.

14 SECTION 1815-C. DURATION.

15 A ZONE SHALL BE IN EFFECT FOR A PERIOD EQUAL TO THE LENGTH OF
16 TIME FOR THE REPAYMENT OF DEBT INCURRED FOR THE ZONE, INCLUDING
17 BONDS ISSUED. BONDS SHALL BE PAID, AND ALL ZONES SHALL CEASE NO
18 LATER THAN 30 YEARS FOLLOWING THE INITIAL ISSUANCE OF THE BONDS.

19 SECTION 1816-C. COMMONWEALTH PLEDGES.

20 (A) PLEDGE.--IF AND TO THE EXTENT THE CONTRACTING AUTHORITY
21 PLEDGES AMOUNTS REQUIRED TO BE TRANSFERRED TO ITS FUND UNDER
22 SECTION 1812-C FOR PAYMENT OF BONDS ISSUED BY THE CONTRACTING
23 AUTHORITY, UNTIL ALL BONDS SECURED BY THE PLEDGE OF THE
24 CONTRACTING AUTHORITY, TOGETHER WITH INTEREST ON THE BONDS, ARE
25 FULLY PAID OR PROVIDED FOR, THE COMMONWEALTH PLEDGES TO AND
26 AGREES WITH ANY PERSON, FIRM, CORPORATION OR GOVERNMENT AGENCY,
27 IN THIS COMMONWEALTH OR ELSEWHERE, AND PLEDGES TO AND AGREES
28 WITH ANY FEDERAL AGENCY SUBSCRIBING TO OR ACQUIRING THE BONDS OF
29 THE CONTRACTING AUTHORITY THAT THE COMMONWEALTH ITSELF WILL NOT,
30 NOR WILL IT AUTHORIZE ANY GOVERNMENT ENTITY TO, DO ANY OF THE

1 FOLLOWING:

2 (1) ABOLISH OR REDUCE THE SIZE OF THE ZONE.

3 (2) AMEND OR REPEAL SECTION 1810-C OR 1811-C.

4 (3) LIMIT OR ALTER THE RIGHTS VESTED IN THE CONTRACTING
5 AUTHORITY IN A MANNER INCONSISTENT WITH THE OBLIGATIONS OF
6 THE CONTRACTING AUTHORITY WITH RESPECT TO THE BONDS ISSUED BY
7 THE CONTRACTING AUTHORITY.

8 (4) IMPAIR REVENUE TO BE PAID UNDER THIS ARTICLE TO THE
9 CONTRACTING AUTHORITY NECESSARY TO PAY DEBT SERVICE ON BONDS.

10 (B) LIMITATION.--NOTHING IN THIS SECTION SHALL LIMIT THE
11 AUTHORITY OF THE COMMONWEALTH OR A POLITICAL SUBDIVISION
12 GOVERNMENT ENTITY TO CHANGE THE RATE, BASE OR SUBJECT OF A
13 SPECIFIC TAX OR TO REPEAL OR ENACT ANY TAX.

14 SECTION 1817-C. CONFIDENTIALITY.

15 (A) SOLE USE.--A ZONE REPORT OR CERTIFICATION UNDER THIS
16 ARTICLE SHALL ONLY BE USED BY THE CONTRACTING AUTHORITY TO
17 VERIFY THE AMOUNT OF THE STATE TAX BASELINE AMOUNT CALCULATED
18 UNDER SECTION 1810-C AND STATE TAX CERTIFICATION UNDER SECTION
19 1811-C.

20 (B) PROHIBITION.--USE OF A ZONE REPORT OTHER THAN AS SET
21 FORTH IN SUBSECTION (A) IS PROHIBITED AND SHALL BE SUBJECT TO
22 THE LAW APPLICABLE TO THE CONFIDENTIALITY OF TAX RECORDS.

23 SECTION 1818-C. GUIDELINES.

24 BY OCTOBER 31, 2013, THE DEPARTMENT OF COMMUNITY AND ECONOMIC
25 DEVELOPMENT, THE OFFICE AND THE DEPARTMENT SHALL DEVELOP AND
26 PUBLISH GUIDELINES NECESSARY TO IMPLEMENT THIS ARTICLE.

27 SECTION 32. THE ACT IS AMENDED BY ADDING ARTICLES TO READ:

28 ARTICLE XVIII-E

29 MOBILE TELECOMMUNICATIONS BROADBAND

30 INVESTMENT TAX CREDIT

1 SECTION 1801-E. DEFINITIONS.

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

5 "MOBILE TELECOMMUNICATION SERVICES." AS DEFINED IN SECTION
6 201(AAA).

7 "QUALIFIED BROADBAND EQUIPMENT." MACHINERY AND EQUIPMENT
8 LOCATED IN THIS COMMONWEALTH THAT IS USED BY A MOBILE
9 TELECOMMUNICATION SERVICES PROVIDER TO PROVIDE INTERNET ACCESS
10 SERVICE AND IS CAPABLE OF SENDING, RECEIVING, STORING,
11 TRANSMITTING, RETRANSMITTING, AMPLIFYING, SWITCHING OR ROUTING
12 DATA, VIDEO OR OTHER ELECTRONIC INFORMATION. THE TERM DOES NOT
13 INCLUDE MACHINERY OR EQUIPMENT THAT IS USED TO PROVIDE VOICE
14 COMMUNICATION SERVICE.

15 "TAX CREDIT." THE CREDIT PROVIDED UNDER THIS ARTICLE.
16 SECTION 1802-E. TAX CREDIT.

17 (A) GENERAL RULE.--FOR TAX YEARS BEGINNING AFTER DECEMBER
18 31, 2013, AND ENDING BEFORE JANUARY 1, 2024, A TAXPAYER THAT IS
19 A PROVIDER OF MOBILE COMMUNICATIONS SERVICES SHALL BE ALLOWED A
20 TAX CREDIT AGAINST THE TAX IMPOSED UNDER ARTICLE IV FOR
21 INVESTMENT IN QUALIFIED BROADBAND EQUIPMENT PLACED INTO SERVICE
22 IN THIS COMMONWEALTH DURING A TAXABLE YEAR.

23 (B) AMOUNT.--

24 (1) THE AMOUNT OF THE TAX CREDIT SHALL BE 5% OF THE
25 PURCHASE PRICE OF THE QUALIFIED BROADBAND EQUIPMENT UNDER
26 SUBSECTION (A).

27 (2) THE AMOUNT OF THE TAX CREDIT THAT MAY BE TAKEN IN A
28 TAXABLE YEAR IS LIMITED TO AN AMOUNT NOT GREATER THAN 50% OF
29 THE TAXPAYER'S LIABILITY UNDER SECTION 402.

30 (3) ANY CREDIT CLAIMED UNDER THIS ARTICLE, BUT NOT USED

1 IN THE TAXABLE YEAR, MAY BE CARRIED FORWARD FOR NOT MORE THAN
2 FIVE CONSECUTIVE TAXABLE YEARS. THE TAX CREDIT MAY NOT BE
3 USED TO OBTAIN A REFUND.

4 SECTION 1803-E. PASS-THROUGH ENTITY.

5 (A) TRANSFER.--IF A PASS-THROUGH ENTITY HAS ANY UNUSED TAX
6 CREDIT UNDER THIS SECTION, THE ENTITY MAY ELECT, IN WRITING,
7 ACCORDING TO THE DEPARTMENT'S PROCEDURES, TO TRANSFER ALL OR A
8 PORTION OF THE CREDIT TO SHAREHOLDERS, MEMBERS OR PARTNERS IN
9 PROPORTION TO THE SHARE OF THE ENTITY'S DISTRIBUTIVE INCOME TO
10 WHICH THE SHAREHOLDER, MEMBER OR PARTNER IS ENTITLED.

11 (B) ADDITIONAL TAX CREDIT.--THE TAX CREDIT PROVIDED UNDER
12 SUBSECTION (A) SHALL BE IN ADDITION TO ANY TAX CREDIT TO WHICH A
13 SHAREHOLDER, MEMBER OR PARTNER OF A PASS-THROUGH ENTITY IS
14 OTHERWISE ENTITLED UNDER THIS ARTICLE, EXCEPT THAT A PASS-
15 THROUGH ENTITY AND A SHAREHOLDER, MEMBER OR PARTNER OF A PASS-
16 THROUGH ENTITY MAY NOT CLAIM A TAX CREDIT UNDER THIS ARTICLE FOR
17 THE SAME QUALIFIED BROADBAND EQUIPMENT.

18 (C) CLAIM.--A SHAREHOLDER, MEMBER OR PARTNER OF A PASS-
19 THROUGH ENTITY TO WHOM CREDIT IS TRANSFERRED UNDER SUBSECTION
20 (A) MUST IMMEDIATELY CLAIM THE CREDIT IN THE TAXABLE YEAR IN
21 WHICH THE TRANSFER IS MADE. THE SHAREHOLDER, MEMBER OR PARTNER
22 MAY NOT CARRY FORWARD, CARRY BACK, OBTAIN A REFUND OF OR SELL OR
23 ASSIGN THE TAX CREDIT.

24 SECTION 1804-E. PROCEDURE.

25 (A) APPLICATION.--A TAXPAYER WHO PURCHASED AND PLACED INTO
26 SERVICE QUALIFIED BROADBAND EQUIPMENT IN A TAXABLE YEAR MAY
27 APPLY FOR A TAX CREDIT AS PROVIDED IN THIS ARTICLE. BY OCTOBER
28 15, 2015, AND EVERY OCTOBER 15 THEREAFTER, A TAXPAYER MUST
29 SUBMIT AN APPLICATION TO THE DEPARTMENT FOR THE PURCHASE PRICE
30 OF QUALIFIED BROADBAND EQUIPMENT PLACED INTO SERVICE IN THE

1 TAXABLE YEAR THAT ENDED IN THE PRIOR CALENDAR YEAR.

2 (B) NOTIFICATION.--BY DECEMBER 15, 2015, AND OF THE CALENDAR
3 YEAR FOLLOWING THE CLOSE OF THE TAXABLE YEAR DURING WHICH THE
4 QUALIFIED BROADBAND EQUIPMENT WAS PLACED INTO SERVICE AND EVERY
5 DECEMBER 15 THEREAFTER, THE DEPARTMENT SHALL NOTIFY THE TAXPAYER
6 OF THE AMOUNT OF THE TAXPAYER'S TAX CREDIT APPROVED BY THE
7 DEPARTMENT.

8 SECTION 1805-E. LIMITATION.

9 (A) TOTAL.--THE TOTAL AMOUNT OF TAX CREDITS APPROVED BY THE
10 DEPARTMENT SHALL NOT EXCEED \$5,000,000 IN ANY FISCAL YEAR.

11 (B) ALLOCATION.--IF THE TOTAL AMOUNT OF TAX CREDITS APPLIED
12 FOR BY ALL TAXPAYERS EXCEEDS THE LIMITATION ON THE AMOUNT OF TAX
13 CREDITS IN SUBSECTION (A) IN A FISCAL YEAR, THE TAX CREDIT TO BE
14 RECEIVED BY EACH APPLICATION SHALL BE THE PRODUCT OF THE
15 ALLOCATED AMOUNT MULTIPLIED BY THE QUOTIENT OF THE TAX CREDIT
16 APPLIED FOR BY THE APPLICANT DIVIDED BY THE TOTAL OF ALL TAX
17 CREDITS APPLIED FOR BY ALL APPLICANTS, THE ALGEBRAIC EQUIVALENT
18 OF WHICH IS:

19 TAXPAYER'S TAX CREDIT = AMOUNT ALLOCATED FOR THOSE TAX
20 CREDITS X (TAX CREDIT APPLIED FOR BY THE APPLICANT/TOTAL
21 OF ALL TAX CREDITS APPLIED FOR BY ALL APPLICANTS).

22 ARTICLE XVIII-F

23 INNOVATE IN PA TAX CREDIT

24 SECTION 1801-F. SCOPE OF ARTICLE.

25 THIS ARTICLE RELATES TO THE INNOVATE IN PA TAX CREDIT.

26 SECTION 1802-F. LEGISLATIVE INTENT.

27 IT IS THE INTENT OF THIS ARTICLE TO INVEST IN INNOVATION AS A
28 CATALYST FOR ECONOMIC GROWTH. INVESTMENT, IN THE BEN FRANKLIN
29 TECHNOLOGY DEVELOPMENT AUTHORITY, THE BEN FRANKLIN TECHNOLOGY
30 PARTNERS, REGIONAL BIOTECHNOLOGY RESEARCH CENTERS, THE

1 DEPARTMENT AND VENTURE CAPITAL FUNDS WILL ADVANCE THE
2 COMPETITIVENESS OF THIS COMMONWEALTH'S COMPANIES IN THE GLOBAL
3 ECONOMY. IT IS THE GOAL OF THIS ARTICLE TO MAXIMIZE THE
4 AVAILABLE FUNDING FROM A MINIMUM AMOUNT OF \$131,250,000 AND UP
5 TO AND EXCEEDING \$147,800,000.

6 SECTION 1803-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 "ALLOCATION AMOUNT." THE TOTAL AMOUNT OF TAX CREDITS
11 PURCHASED BY A QUALIFIED TAXPAYER.

12 "AUTHORITY." THE BEN FRANKLIN TECHNOLOGY DEVELOPMENT
13 AUTHORITY ESTABLISHED TO MANAGE AND FUND PROGRAMS IN THIS
14 COMMONWEALTH THAT SUPPORT THE DEVELOPMENT OF TECHNOLOGY AS
15 DESCRIBED IN THE ACT OF JUNE 22, 2001 (P.L.569, NO.38), KNOWN AS
16 THE BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY ACT.

17 "BEN FRANKLIN TECHNOLOGY PARTNERS PROGRAM." A PROGRAM UNDER
18 THE BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY THAT FUNDS
19 FOUR REGIONALLY BASED ECONOMIC DEVELOPMENT ORGANIZATIONS
20 DEDICATED TO A COMMON MISSION OF TECHNOLOGY COMMERCIALIZATION.

21 "CAPITAL." THE AMOUNT OF MONEY THAT A PURCHASER INVESTS
22 UNDER THE INNOVATE IN PA PROGRAM.

23 "DEPARTMENT." THE DEPARTMENT OF COMMUNITY AND ECONOMIC
24 DEVELOPMENT OF THE COMMONWEALTH.

25 "FUND." THE INNOVATE IN PA FUND.

26 "IMPACT INVESTMENT." AN INVESTMENT INTENDED TO SOLVE SOCIAL
27 OR ENVIRONMENTAL CHALLENGES WHILE GENERATING FINANCIAL PROFIT.
28 IMPACT INVESTING RECOGNIZES THAT INVESTMENTS HAVE SOCIAL AND
29 ENVIRONMENTAL RETURNS IN ADDITION TO FINANCIAL RETURNS AND
30 ATTEMPTS TO MAXIMIZE THE THREE RETURNS RATHER THAN ONE AT THE

1 EXPENSE OF OTHERS.

2 "INSURANCE PREMIUMS TAX LIABILITY." ANY LIABILITY INCURRED
3 BY AN INSURANCE COMPANY UNDER ARTICLE IX.

4 "PROGRAM." THE INNOVATE IN PA PROGRAM.

5 "QUALIFIED TAXPAYER." ANY OF THE FOLLOWING THAT HAS
6 INSURANCE PREMIUMS TAX LIABILITY AND CONTRIBUTES CAPITAL TO
7 PURCHASE PREMIUMS TAX CREDITS UNDER THIS ARTICLE:

8 (1) AN INSURANCE COMPANY AUTHORIZED TO DO BUSINESS IN
9 THIS COMMONWEALTH.

10 (2) A HOLDING COMPANY THAT HAS AT LEAST ONE INSURANCE
11 COMPANY SUBSIDIARY AUTHORIZED TO DO BUSINESS IN THIS
12 COMMONWEALTH.

13 "RECIPIENT." AN ENTITY THAT RECEIVES A DISTRIBUTION OF FUNDS
14 UNDER SECTION 1811-F(C).

15 "REGIONAL BIOTECHNOLOGY RESEARCH CENTER." A REGIONAL
16 BIOTECHNOLOGY CENTER ESTABLISHED UNDER CHAPTER 17 OF THE ACT OF
17 JUNE 26, 2001 (P.L.755, NO.77), KNOWN AS THE TOBACCO SETTLEMENT
18 ACT.

19 "TAX CREDIT." A CREDIT AGAINST INSURANCE PREMIUMS TAX
20 LIABILITY OFFERED TO OR HELD BY A QUALIFIED TAXPAYER UNDER THIS
21 ARTICLE.

22 "VENTURE INVESTMENT PROGRAM." A PROGRAM UNDER THE BEN
23 FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY DEDICATED TO
24 INCREASING THE AVAILABILITY OF VENTURE CAPITAL IN THIS
25 COMMONWEALTH.
26 SECTION 1804-F. TAX CREDIT.

27 A QUALIFIED TAXPAYER MAY PURCHASE TAX CREDITS FROM THE
28 DEPARTMENT IN ACCORDANCE WITH THIS ARTICLE AND MAY APPLY THE TAX
29 CREDITS AGAINST ITS INSURANCE PREMIUMS TAX LIABILITY IN
30 ACCORDANCE WITH THIS ARTICLE.

1 SECTION 1805-F. DUTIES.

2 (A) SALE OF TAX CREDITS.--THE DEPARTMENT SHALL HAVE THE
3 AUTHORITY TO SELL UP TO \$175,000,000 IN TAX CREDITS TO QUALIFIED
4 TAXPAYERS. THE SALE OF THE TAX CREDITS SHALL BE IN ACCORDANCE
5 WITH SECTION 1808-F.

6 (B) TIME OF SALE.--THE SALE AUTHORIZED UNDER SUBSECTION (A)
7 MAY NOT OCCUR BEFORE OCTOBER 1, 2013.

8 (C) TRANSFERS OF AMOUNTS.--IN A FISCAL YEAR IN WHICH A TAX
9 CREDIT IS CLAIMED UNDER THIS ARTICLE, THE STATE TREASURER SHALL,
10 PRIOR TO JUNE 30 OF THE FISCAL YEAR, DO ALL OF THE FOLLOWING:

11 (1) TRANSFER AN AMOUNT FROM THE GENERAL FUND EQUAL TO
12 THE AMOUNT OF PREMIUMS TAX CREDITS CLAIMED BY A FOREIGN FIRE
13 INSURANCE COMPANY AGAINST TAXES THAT OTHERWISE WOULD BE
14 DISTRIBUTED IN ACCORDANCE WITH CHAPTER 7 OF THE ACT OF
15 DECEMBER 18, 1984 (P.L.1005, NO.205), KNOWN AS THE MUNICIPAL
16 PENSION PLAN FUNDING STANDARD AND RECOVERY ACT, TO THE FUND
17 AS DEFINED IN SECTION 702 OF THE MUNICIPAL PENSION PLAN
18 FUNDING STANDARD AND RECOVERY ACT.

19 (2) TRANSFER FROM THE GENERAL FUND AN AMOUNT EQUAL TO
20 THE AMOUNT OF A PREMIUMS TAX CREDIT CLAIMED BY A FOREIGN
21 CASUALTY INSURANCE COMPANY AGAINST TAXES THAT OTHERWISE WOULD
22 BE DISTRIBUTED AND USED FOR POLICE PENSION, RETIREMENT OR
23 DISABILITY PURPOSES AS PROVIDED BY THE ACT OF MAY 12, 1943
24 (P.L.259, NO.120), REFERRED TO AS THE FOREIGN CASUALTY
25 INSURANCE PREMIUM TAX ALLOCATION LAW, FOR DISTRIBUTION IN
26 ACCORDANCE WITH THE FOREIGN CASUALTY INSURANCE PREMIUM TAX
27 ALLOCATION LAW.

28 SECTION 1806-F. USE OF TAX CREDITS BY QUALIFIED TAXPAYERS.

29 (A) USE AGAINST INSURANCE PREMIUMS TAX LIABILITY.--A
30 QUALIFIED TAXPAYER THAT PURCHASES TAX CREDITS UNDER SECTION

1 1805-F MAY CLAIM THE CREDITS BEGINNING IN CALENDAR YEAR 2017
2 AGAINST INSURANCE PREMIUMS TAX LIABILITY INCURRED FOR A TAXABLE
3 YEAR THAT BEGINS ON OR AFTER JANUARY 1, 2016.

4 (B) APPLICATION TO DEPARTMENT.--A QUALIFIED TAXPAYER SEEKING
5 TO USE PURCHASED TAX CREDITS MAY SUBMIT AN APPLICATION TO THE
6 DEPARTMENT IN A MANNER PRESCRIBED BY THE DEPARTMENT.

7 (C) CONSTRUCTION.--THE FOLLOWING SHALL APPLY:

8 (1) A QUALIFIED TAXPAYER MAY NOT BE REQUIRED TO REDUCE
9 THE AMOUNT OF INSURANCE PREMIUMS TAX INCLUDED BY THE TAXPAYER
10 IN CONNECTION WITH RATE MAKING FOR ANY INSURANCE CONTRACT
11 WRITTEN IN THIS COMMONWEALTH BECAUSE OF A REDUCTION OF THE
12 TAXPAYER'S INSURANCE PREMIUMS TAX LIABILITY DERIVED FROM THE
13 TAX CREDIT PURCHASED UNDER THIS ARTICLE.

14 (2) IF, UNDER THE INSURANCE LAWS OF THIS COMMONWEALTH,
15 THE ASSETS OF THE QUALIFIED TAXPAYER ARE EXAMINED OR
16 CONSIDERED, THE TAXPAYER'S BALANCE OF TAX CREDITS SHALL BE
17 TREATED AS AN ADMITTED ASSET SUBJECT TO THE SAME FINANCIAL
18 RATING AS HELD BY THE COMMONWEALTH.

19 (D) LIMITATIONS.--THE FOLLOWING SHALL APPLY:

20 (1) THE TOTAL AMOUNT OF TAX CREDITS APPLIED AGAINST
21 INSURANCE PREMIUMS TAX LIABILITY BY ALL QUALIFIED TAXPAYERS
22 IN A FISCAL YEAR MAY NOT EXCEED \$35,000,000 PER YEAR
23 BEGINNING IN CALENDAR YEAR 2017.

24 (2) THE CREDIT TO BE APPLIED IN ANY ONE YEAR MAY NOT
25 EXCEED THE INSURANCE PREMIUM TAX LIABILITY OF THE QUALIFIED
26 TAXPAYER FOR THAT TAXABLE YEAR.

27 SECTION 1807-F. SALE, CARRYOVER AND CARRYBACK.

28 (A) CARRYOVER.--IF THE QUALIFIED TAXPAYER CANNOT USE THE
29 ENTIRE AMOUNT OF THE TAX CREDIT FOR THE TAXABLE YEAR IN WHICH
30 THE TAXPAYER IS ELIGIBLE FOR THE CREDIT, THE EXCESS MAY BE

1 CARRIED OVER TO SUCCEEDING TAXABLE YEARS AND USED AS A CREDIT
2 AGAINST THE QUALIFIED TAX LIABILITY OF THE TAXPAYER FOR THOSE
3 TAXABLE YEARS, PROVIDED THAT THE CREDIT MAY NOT BE CARRIED OVER
4 TO ANY TAXABLE YEAR THAT BEGINS AFTER DECEMBER 31, 2025.

5 (B) SALE.--NO SOONER THAN 30 DAYS AFTER PROVIDING THE
6 INSURANCE DEPARTMENT AND THE DEPARTMENT WRITTEN NOTICE OF THE
7 INTENT TO TRANSFER TAX CREDITS, A QUALIFIED TAXPAYER MAY
8 TRANSFER TAX CREDITS HELD WITHOUT RESTRICTION TO ANY ENTITY THAT
9 IS A QUALIFIED TAXPAYER IN GOOD STANDING WITH THE INSURANCE
10 DEPARTMENT AND THAT AGREES TO ASSUME ALL OF THE TRANSFEROR'S
11 OBLIGATIONS WITH RESPECT TO THE TAX CREDIT.

12 (C) CARRYBACK.--A QUALIFIED TAXPAYER MAY NOT CARRY BACK A
13 TAX CREDIT.

14 SECTION 1808-F. SALE OF TAX CREDITS TO QUALIFIED TAXPAYERS.

15 (A) CONDUCT OF SALE.--THE SALE OF TAX CREDITS AUTHORIZED
16 UNDER SECTION 1805-F(A) SHALL BE CONDUCTED IN ACCORDANCE WITH
17 THIS SECTION.

18 (B) PROCESS.--THE DEPARTMENT MAY SELL THE TAX CREDITS
19 AUTHORIZED UNDER THIS ARTICLE OR MAY CONTRACT WITH AN
20 INDEPENDENT THIRD PARTY TO CONDUCT A BIDDING PROCESS AMONG
21 QUALIFIED TAXPAYERS TO PURCHASE THE CREDITS. IN RAISING CAPITAL
22 FOR THE PROGRAM, THE DEPARTMENT SHALL HAVE THE DISCRETION TO
23 DISTRIBUTE CREDITS USING A MARKET-DRIVEN APPROACH OR ANY
24 APPROACH THAT MAXIMIZES THE YIELD TO THE COMMONWEALTH.

25 (C) APPLICATION.--A QUALIFIED TAXPAYER SEEKING TO PURCHASE
26 TAX CREDITS MAY APPLY TO THE DEPARTMENT IN THE MANNER PRESCRIBED
27 BY THE DEPARTMENT.

28 (D) BIDDING PROCESS.--USING PROCEDURES ADOPTED BY THE
29 DEPARTMENT OR, IF APPLICABLE, BY AN INDEPENDENT THIRD PARTY,
30 EACH QUALIFIED TAXPAYER THAT SUBMITS AN APPLICATION SHALL MAKE A

1 TIMELY AND IRREVOCABLE OFFER, SUBJECT ONLY TO THE DEPARTMENT'S
2 ISSUANCE TO THE TAXPAYER OF TAX CREDIT CERTIFICATES, TO MAKE
3 SPECIFIED CONTRIBUTIONS OF CAPITAL TO THE DEPARTMENT ON DATES
4 SPECIFIED BY THE DEPARTMENT.

5 (E) CONTENTS OF OFFER.--THE OFFER UNDER SUBSECTION (D) MUST
6 INCLUDE ALL OF THE FOLLOWING:

7 (1) THE REQUESTED AMOUNT OF TAX CREDITS, WHICH MAY NOT
8 BE LESS THAN \$500,000.

9 (2) THE QUALIFIED TAXPAYER'S CAPITAL CONTRIBUTION FOR
10 EACH TAX CREDIT DOLLAR REQUESTED, WHICH MAY NOT BE LESS THAN
11 THE GREATER OF EITHER OF THE FOLLOWING:

12 (I) SEVENTY-FIVE PERCENT OF THE REQUESTED DOLLAR
13 AMOUNT OF TAX CREDITS.

14 (II) THE PERCENTAGE OF THE REQUESTED DOLLAR AMOUNT
15 OF TAX CREDITS THAT THE DEPARTMENT AND, IF APPLICABLE,
16 THE INDEPENDENT THIRD PARTY, DETERMINES TO BE CONSISTENT
17 WITH MARKET CONDITIONS AS OF THE OFFER DATE.

18 (3) ANY OTHER INFORMATION THE DEPARTMENT OR, IF
19 APPLICABLE, INDEPENDENT THIRD PARTY REQUIRES.

20 (F) NOTICE OF APPROVAL.--EACH QUALIFIED TAXPAYER THAT
21 SUBMITS AN APPLICATION UNDER THIS SECTION SHALL RECEIVE A
22 WRITTEN NOTICE FROM THE DEPARTMENT INDICATING WHETHER OR NOT IT
23 HAS BEEN APPROVED AS A PURCHASER OF TAX CREDITS AND, IF SO, THE
24 AMOUNT OF TAX CREDITS ALLOCATED.

25 (G) LIMITATION.--NO TAX CREDITS MAY BE SOLD IF THE BIDDING
26 PROCESS, UPON COMPLETION, HAS FAILED TO YIELD AT LEAST
27 \$40,000,000 IN REVENUE.

28 SECTION 1809-F. PAYMENT FOR TAX CREDITS PURCHASED AND
29 CERTIFICATES.

30 (A) PAYMENT OF CAPITAL.--CAPITAL COMMITTED BY A QUALIFIED

1 TAXPAYER SHALL BE PAID TO THE DEPARTMENT FOR DEPOSIT INTO THE
2 FUND. NOTHING UNDER THIS SECTION SHALL PROHIBIT THE DEPARTMENT
3 FROM ESTABLISHING AN INSTALLMENT PAYMENT SCHEDULE FOR CAPITAL
4 PAYMENTS TO BE MADE BY THE QUALIFIED TAXPAYER.

5 (B) ISSUANCE OF TAX CREDIT CERTIFICATES.--ON RECEIPT OF
6 PAYMENT OF CAPITAL, THE DEPARTMENT SHALL ISSUE TO EACH QUALIFIED
7 TAXPAYER A TAX CREDIT CERTIFICATE REPRESENTING A FULLY VESTED
8 CREDIT AGAINST INSURANCE PREMIUM TAX LIABILITY.

9 (C) CERTIFICATE ISSUED IN ACCORDANCE WITH BIDDING PROCESS.--
10 THE DEPARTMENT SHALL ISSUE TAX CREDIT CERTIFICATES TO QUALIFIED
11 TAXPAYERS IN ACCORDANCE WITH THE BIDDING PROCESS SELECTED BY THE
12 DEPARTMENT OR THE INDEPENDENT THIRD PARTY.

13 (D) CONTENTS.--THE TAX CREDIT CERTIFICATE SHALL STATE ALL OF
14 THE FOLLOWING:

15 (1) THE TOTAL AMOUNT OF PREMIUMS TAX CREDITS THAT THE
16 QUALIFIED TAXPAYER MAY CLAIM.

17 (2) THE AMOUNT OF CAPITAL THAT THE QUALIFIED TAXPAYER
18 HAS CONTRIBUTED OR AGREED TO CONTRIBUTE IN RETURN FOR THE
19 ISSUANCE OF THE TAX CREDIT CERTIFICATE.

20 (3) THE DATES ON WHICH THE TAX CREDITS WILL BE AVAILABLE
21 FOR USE BY THE QUALIFIED TAXPAYER.

22 (4) ANY PENALTIES OR OTHER REMEDIES FOR NONCOMPLIANCE.

23 (5) THE PROCEDURES TO BE USED FOR TRANSFERRING THE TAX
24 CREDITS.

25 (6) ANY OTHER REQUIREMENTS THE DEPARTMENT CONSIDERS
26 NECESSARY.

27 SECTION 1810-F. FAILURE TO MAKE CONTRIBUTION OF CAPITAL AND
28 REALLOCATION.

29 (A) PROHIBITION.--A TAX CREDIT CERTIFICATE UNDER SECTION
30 1809-F MAY NOT BE ISSUED TO ANY QUALIFIED TAXPAYER THAT FAILS TO

1 MAKE A CONTRIBUTION OF CAPITAL WITHIN THE TIME THE DEPARTMENT
2 SPECIFIES.

3 (B) PENALTY.--A QUALIFIED TAXPAYER THAT FAILS TO MAKE A
4 CONTRIBUTION OF CAPITAL WITHIN THE TIME THE DEPARTMENT SPECIFIES
5 SHALL BE SUBJECT TO A PENALTY EQUAL TO 10% OF THE AMOUNT OF
6 CAPITAL THAT REMAINS UNPAID. THE PENALTY SHALL BE PAID TO THE
7 DEPARTMENT WITHIN 30 DAYS AFTER DEMAND.

8 (C) REALLOCATION.--THE DEPARTMENT MAY OFFER TO REALLOCATE
9 THE DEFAULTED CAPITAL AMONG OTHER QUALIFIED TAXPAYERS, SO THAT
10 THE RESULT AFTER REALLOCATION IS THE SAME AS IF THE INITIAL
11 ALLOCATION HAD BEEN PERFORMED WITHOUT CONSIDERING THE TAX CREDIT
12 ALLOCATION TO THE DEFAULTING QUALIFIED TAXPAYER.

13 (D) CONTRIBUTION.--IF THE REALLOCATION OF CAPITAL UNDER
14 SUBSECTION (C) RESULTS IN THE CONTRIBUTION BY ANOTHER QUALIFIED
15 TAXPAYER OF THE AMOUNT OF CAPITAL NOT CONTRIBUTED BY THE
16 DEFAULTING QUALIFIED TAXPAYER, THE DEPARTMENT MAY WAIVE THE
17 PENALTY PROVIDED UNDER SUBSECTION (B).

18 (E) TRANSFER.--A QUALIFIED TAXPAYER THAT FAILS TO MAKE A
19 CONTRIBUTION OF CAPITAL WITHIN THE TIME SPECIFIED MAY AVOID THE
20 IMPOSITION OF THE PENALTY BY TRANSFERRING THE ALLOCATION OF TAX
21 CREDITS TO A NEW OR EXISTING QUALIFIED TAXPAYER WITHIN 30 DAYS
22 AFTER THE DUE DATE OF THE DEFAULTED INSTALLMENT. ANY TRANSFEREE
23 OF AN ALLOCATION OF TAX CREDITS OF A DEFAULTING QUALIFIED
24 TAXPAYER UNDER THIS SUBSECTION SHALL AGREE TO MAKE THE REQUIRED
25 CONTRIBUTION OF CAPITAL WITHIN 30 DAYS AFTER THE DATE OF THE
26 TRANSFER.

27 SECTION 1811-F. INNOVATE IN PA PROGRAM.

28 (A) ESTABLISHMENT.--THE INNOVATE IN PA PROGRAM IS
29 ESTABLISHED WITHIN THE AUTHORITY.

30 (B) FUND.--THE AUTHORITY SHALL HAVE THE POWER AND DUTY TO

1 ESTABLISH THE INNOVATE IN PA FUND WITHIN THIS AUTHORITY.

2 (C) DISTRIBUTION.--THE DEPARTMENT SHALL DISTRIBUTE THE NET
3 PROCEEDS RECEIVED BY THE DEPARTMENT AS A RESULT OF THE SALE OF
4 TAX CREDITS UNDER SECTION 1805-F(A) AS FOLLOWS:

5 (1) FIFTY PERCENT SHALL BE DISTRIBUTED TO THE BEN
6 FRANKLIN TECHNOLOGY PARTNERS PROGRAM FOR USE ACCORDING TO
7 PROGRAM GUIDELINES.

8 (2) FORTY-FIVE PERCENT SHALL BE DISTRIBUTED TO THE
9 VENTURE INVESTMENT PROGRAM FOR USE ACCORDING TO PROGRAM
10 GUIDELINES, INCLUDING TRADITIONAL VENTURE INVESTMENTS OR
11 IMPACT INVESTMENTS. THE AUTHORITY MAY CONSIDER IMPACT
12 INVESTMENTS BASED ON PERFORMANCE. IMPACT INVESTMENTS MAY NOT
13 EXCEED 15% OF THE VENTURE INVESTMENT PROGRAM DISTRIBUTION
14 UNDER THIS PARAGRAPH.

15 (3) FIVE PERCENT TO THE THREE REGIONAL BIOTECHNOLOGY
16 RESEARCH CENTERS FOR DISTRIBUTION IN EQUAL PROPORTIONS TO
17 EACH REGIONAL BIOTECHNOLOGY RESEARCH CENTER.

18 SECTION 1812-F. GUIDELINES.

19 THE DEPARTMENT, IN CONSULTATION WITH THE AUTHORITY AND EACH
20 REGIONAL BIOTECHNOLOGY RESEARCH CENTER, SHALL PROMULGATE
21 GUIDELINES IMPLEMENTING THIS ARTICLE.

22 SECTION 1813-F. REPORT.

23 (A) DUTIES.--ON OR BEFORE JANUARY 1, 2015, AND JANUARY 1 OF
24 EACH SUBSEQUENT YEAR, THE DEPARTMENT, IN CONSULTATION WITH THE
25 AUTHORITY AND EACH REGIONAL BIOTECHNOLOGY RESEARCH CENTER, SHALL
26 DO THE FOLLOWING:

27 (1) SUBMIT A REPORT ON THE IMPLEMENTATION OF THE PROGRAM
28 TO ALL OF THE FOLLOWING:

29 (I) THE GOVERNOR.

30 (II) THE CHAIRMAN AND MINORITY CHAIRMAN OF THE

1 APPROPRIATIONS COMMITTEE OF THE SENATE.

2 (III) THE CHAIRMAN AND MINORITY CHAIRMAN OF THE
3 APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

4 (2) PUBLISH THE REPORT UNDER PARAGRAPH (1) ON THE
5 DEPARTMENT'S PUBLICLY ACCESSIBLE INTERNET WEBSITE.

6 (B) CONTENTS.--THE REPORT UNDER SUBSECTION (A) SHALL INCLUDE
7 THE FOLLOWING:

8 (1) THE NAME OF THE PURCHASER OF PREMIUMS TAX CREDITS.

9 (2) THE AMOUNT OF PREMIUMS TAX CREDITS ALLOCATED TO THE
10 PURCHASER.

11 (3) THE AMOUNT OF CAPITAL THE PURCHASER CONTRIBUTED FOR
12 THE ISSUANCE OF THE TAX CREDIT CERTIFICATE.

13 (4) THE AMOUNT OF ANY TAX CREDITS THAT HAVE BEEN
14 TRANSFERRED UNDER SECTION 1810-F(E).

15 (5) THE AMOUNT OF FUNDS RECEIVED BY THE RECIPIENTS
16 DURING THE PREVIOUS YEAR.

17 (6) THE CUMULATIVE AMOUNT OF CAPITAL RECEIVED BY THE
18 DEPARTMENT IN CONNECTION WITH THE SALE OF THE TAX CREDITS.

19 (7) THE AMOUNT OF CAPITAL REMAINING UNINVESTED AT THE
20 END OF THE PRECEDING CALENDAR YEAR.

21 (8) THE NAMES AND LOCATIONS OF BUSINESSES RECEIVING
22 CAPITAL FROM THE RECIPIENTS, THE REASON FOR THE INVESTMENT
23 AND THE AMOUNT OF THE INVESTMENT.

24 (9) THE TOTAL NUMBER OF JOBS CREATED IN THIS
25 COMMONWEALTH BY THE INVESTMENT AND THE AVERAGE WAGES PAID FOR
26 THE JOBS.

27 (10) THE TOTAL NUMBER OF JOBS RETAINED IN THIS
28 COMMONWEALTH AS A RESULT OF THE INVESTMENT AND THE AVERAGE
29 WAGES PAID FOR THE JOBS.

30 ARTICLE XIX-B

1 NEIGHBORHOOD IMPROVEMENT ZONES

2 SECTION 1901-B. SCOPE OF ARTICLE.

3 THIS ARTICLE RELATES TO NEIGHBORHOOD IMPROVEMENT ZONES.

4 SECTION 1902-B. DEFINITIONS.

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

8 "BONDS." INCLUDES NOTES, INSTRUMENTS, REFUNDING NOTES AND
9 BONDS AND OTHER EVIDENCES OF INDEBTEDNESS OR OBLIGATIONS.

10 "CAPITAL FACILITIES DEBT ENABLING ACT." THE ACT OF FEBRUARY
11 9, 1999 (P.L.1, NO.1), KNOWN AS THE CAPITAL FACILITIES DEBT
12 ENABLING ACT.

13 "CITY." A CITY OF THE THIRD CLASS WITH, ON THE DATE OF THE
14 DESIGNATION OF A NEIGHBORHOOD IMPROVEMENT ZONE BY THE
15 CONTRACTING AUTHORITY, A POPULATION OF AT LEAST 106,000, BASED
16 ON THE MOST RECENT FEDERAL DECENNIAL CENSUS.

17 "CONTRACTING AUTHORITY." AN AUTHORITY CREATED UNDER 53
18 PA.C.S. CH. 56 (RELATING TO MUNICIPAL AUTHORITIES) FOR THE
19 PURPOSE OF DESIGNATING A NEIGHBORHOOD IMPROVEMENT ZONE AND
20 CONSTRUCTING A FACILITY OR OTHER AUTHORITY CREATED UNDER THE
21 LAWS OF THIS COMMONWEALTH WHICH IS ELIGIBLE TO APPLY FOR AND
22 RECEIVE REDEVELOPMENT ASSISTANCE CAPITAL GRANTS UNDER CHAPTER 3
23 OF THE ACT OF FEBRUARY 9, 1999 (P.L.1, NO.1), KNOWN AS THE
24 CAPITAL FACILITIES DEBT ENABLING ACT.

25 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

26 "EARNED INCOME TAX." A TAX OR PORTION OF A TAX IMPOSED ON
27 EARNED INCOME WITHIN A NEIGHBORHOOD IMPROVEMENT ZONE UNDER THE
28 ACT OF DECEMBER 31, 1965 (P.L.1257, NO.511), KNOWN AS THE LOCAL
29 TAX ENABLING ACT, WHICH A CITY, OR A SCHOOL DISTRICT CONTAINED
30 ENTIRELY WITHIN THE BOUNDARIES OF OR COTERMINOUS WITH THE CITY,

1 IS ENTITLED TO RECEIVE.

2 "FACILITY." A STADIUM, ARENA OR OTHER STRUCTURE OWNED OR
3 LEASED BY A PROFESSIONAL SPORTS ORGANIZATION AT WHICH
4 PROFESSIONAL ATHLETIC EVENTS ARE CONDUCTED IN THE PRESENCE OF
5 INDIVIDUALS WHO PAY ADMISSION TO VIEW THE EVENT CONSTRUCTED OR
6 OPERATED BY THE CONTRACTING AUTHORITY.

7 "FACILITY COMPLEX." A DEVELOPMENT OR COMPLEX OF RESIDENTIAL,
8 COMMERCIAL, EXHIBITION, HOSPITALITY, CONFERENCE, RETAIL AND
9 COMMUNITY USES WHICH INCLUDES A STADIUM ARENA OR OTHER PLACE
10 OWNED, LEASED OR UTILIZED BY A PROFESSIONAL SPORTS ORGANIZATION
11 AT WHICH A PROFESSIONAL ATHLETIC EVENT OR OTHER EVENTS ARE
12 CONDUCTED IN THE PRESENCE OF INDIVIDUALS WHO PAY ADMISSION TO
13 VIEW THE EVENT.

14 "FUND." A NEIGHBORHOOD IMPROVEMENT ZONE FUND ESTABLISHED
15 UNDER SECTION 1904-B.

16 "NEIGHBORHOOD IMPROVEMENT ZONE." A NEIGHBORHOOD IMPROVEMENT
17 ZONE DESIGNATED BY THE CONTRACTING AUTHORITY FOR THE PURPOSES OF
18 NEIGHBORHOOD IMPROVEMENT AND DEVELOPMENT WITHIN A CITY.

19 "PROFESSIONAL SPORTS ORGANIZATION." A SOLE PROPRIETORSHIP,
20 CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP OR
21 ASSOCIATION THAT MEETS ALL OF THE FOLLOWING:

22 (1) OWNS A PROFESSIONAL SPORTS FRANCHISE.

23 (2) CONDUCTS PROFESSIONAL ATHLETIC EVENTS OF THE SPORTS
24 FRANCHISE AT A FACILITY.

25 "QUALIFIED BUSINESS." AN ENTITY AUTHORIZED TO CONDUCT
26 BUSINESS IN THIS COMMONWEALTH WHICH IS LOCATED OR PARTIALLY
27 LOCATED WITHIN A NEIGHBORHOOD IMPROVEMENT ZONE AND IS ENGAGED IN
28 THE ACTIVE CONDUCT OF A TRADE OR BUSINESS FOR THE TAXABLE YEAR.
29 AN AGENT, BROKER OR REPRESENTATIVE OF A BUSINESS SHALL NOT BE
30 CONSIDERED TO BE IN THE ACTIVE CONDUCT OF TRADE OR BUSINESS FOR

1 THE BUSINESS.

2 SECTION 1903-B. FACILITY.

3 THE CONTRACTING AUTHORITY MAY DESIGNATE A NEIGHBORHOOD
4 IMPROVEMENT ZONE OF NOT GREATER THAN 130 ACRES IN WHICH A
5 FACILITY OR FACILITY COMPLEX MAY BE CONSTRUCTED AND MAY BORROW
6 FUNDS FOR THE PURPOSE OF IMPROVEMENT AND DEVELOPMENT WITHIN THE
7 NEIGHBORHOOD IMPROVEMENT ZONE AND CONSTRUCTION OF A FACILITY OR
8 FACILITY COMPLEX WITHIN THE ZONE.

9 SECTION 1904-B. NEIGHBORHOOD IMPROVEMENT ZONE FUNDS.

10 (A) SPECIAL FUNDS.--FOLLOWING THE DESIGNATION OF A
11 NEIGHBORHOOD IMPROVEMENT ZONE, THE CONTRACTING AUTHORITY SHALL,
12 WITHIN TEN DAYS OF MAKING THE DESIGNATION OR, IN THE CASE OF A
13 NEIGHBORHOOD IMPROVEMENT ZONE DESIGNATED PRIOR TO JULY 1, 2012,
14 WITHIN TEN DAYS OF JULY 2, 2012, NOTIFY THE STATE TREASURER OF
15 THE DESIGNATION. UPON THE NOTICE, THE STATE TREASURER SHALL
16 ESTABLISH A SPECIAL FUND FOR THE BENEFIT OF EACH CONTRACTING
17 AUTHORITY TO BE KNOWN AS THE "NEIGHBORHOOD IMPROVEMENT ZONE
18 FUND." INTEREST INCOME DERIVED FROM INVESTMENT OF THE MONEY IN
19 EACH FUND SHALL BE CREDITED BY THE TREASURY DEPARTMENT TO THE
20 FUND.

21 (A.1) CERTIFICATION.--

22 (1) WITHIN 30 DAYS OF THE END OF EACH CALENDAR YEAR,
23 EACH QUALIFIED BUSINESS SHALL FILE A REPORT WITH THE
24 DEPARTMENT WHICH COMPLIES WITH ALL OF THE FOLLOWING:

25 (I) STATES EACH STATE TAX, CALCULATED IN ACCORDANCE
26 WITH SUBSECTION (B), WHICH WAS PAID BY THE QUALIFIED
27 BUSINESS IN THE PRIOR CALENDAR YEAR.

28 (II) LISTS EACH STATE TAX REFUND WHICH COMPLIES WITH
29 ALL OF THE FOLLOWING:

30 (A) THE REFUND IS FOR A TAX:

1 (I) SET FORTH IN SUBSECTION (B); AND

2 (II) CERTIFIED AS PAID UNDER SUBSECTION (B).

3 (B) THE REFUND WAS RECEIVED IN THE PRIOR
4 CALENDAR YEAR BY THE QUALIFIED BUSINESS.

5 (III) IS IN A FORM AND MANNER REQUIRED BY THE
6 DEPARTMENT.

7 (2) IN ADDITION TO ANY PENALTIES IMPOSED UNDER THIS ACT
8 FOR FAILURE TO TIMELY PAY STATE TAXES, FAILURE TO FILE A
9 TIMELY AND COMPLETE REPORT UNDER PARAGRAPH (1) SHALL RESULT
10 IN THE IMPOSITION OF A PENALTY OF 10% OF ALL STATE TAXES,
11 CALCULATED IN ACCORDANCE WITH SUBSECTION (B), WHICH WERE
12 PAYABLE BY THE QUALIFIED BUSINESS IN THE PRIOR CALENDAR YEAR.

13 (3) ANY PENALTY IMPOSED UNDER THIS SUBSECTION SHALL BE
14 IMPOSED, ASSESSED AND COLLECTED BY THE DEPARTMENT UNDER THE
15 PROVISIONS FOR IMPOSING, ASSESSING AND COLLECTING PENALTIES
16 UNDER ARTICLE II OF THIS ACT. WHEN THE PENALTY IS RECEIVED,
17 THE MONEY SHALL BE TRANSFERRED FROM THE GENERAL FUND TO THE
18 FUND OF THE CONTRACTING AUTHORITY THAT DESIGNATED THE
19 NEIGHBORHOOD IMPROVEMENT ZONE IN WHICH THE QUALIFYING
20 BUSINESS IS LOCATED.

21 (4) WITHIN 30 DAYS OF THE END OF EACH CALENDAR YEAR,
22 EACH QUALIFIED BUSINESS SHALL FILE A REPORT WITH THE LOCAL
23 TAXING AUTHORITY REPORTING ALL LOCAL TAXES, CALCULATED IN
24 ACCORDANCE WITH SUBSECTION (B), WHICH WERE PAID BY THE
25 QUALIFIED BUSINESS IN THE PRIOR CALENDAR YEAR. THE REPORT
26 FROM EACH QUALIFIED BUSINESS SHALL ALSO LIST ANY LOCAL TAX
27 REFUNDS OF TAXES SET FORTH IN SUBSECTION (B) RECEIVED IN THE
28 PRIOR CALENDAR YEAR BY THE QUALIFIED BUSINESS AND ANY REFUNDS
29 RELATED TO THE LOCAL TAXES AS CALCULATED IN ACCORDANCE WITH
30 SUBSECTION (B). THE REPORT SHALL BE IN A FORM AND MANNER

1 REQUIRED BY THE DEPARTMENT.

2 (A.2) TRANSITION.--

3 (1) SUBJECT TO PARAGRAPHS (3) AND (4), WITHIN 15 DAYS OF
4 JULY 2, 2012, THE STATE TREASURER SHALL:

5 (I) DETERMINE THE AMOUNT OF MONEY IN THE
6 NEIGHBORHOOD IMPROVEMENT ZONE FUND EXISTING ON JULY 2,
7 2012, WHICH IS ATTRIBUTABLE TO EACH NEIGHBORHOOD
8 IMPROVEMENT ZONE; AND

9 (II) TRANSFER THE AMOUNT OF MONEY IN THE
10 NEIGHBORHOOD IMPROVEMENT ZONE FUND EXISTING ON JULY 2,
11 2012, TO THE FUND FOR EACH CONTRACTING AUTHORITY FOR
12 WHICH MONEY WAS DEPOSITED.

13 (2) AN ENTITY COLLECTING A LOCAL TAX THAT, ON JULY 2,
14 2012, IS IN POSSESSION OF MONEY ATTRIBUTABLE TO A LOCAL TAX
15 NOT INCLUDED IN THE AMOUNT TO BE CALCULATED AND CERTIFIED
16 UNDER SUBSECTION (B) SHALL PROMPTLY REMIT THAT MONEY TO THE
17 LOCAL TAXING AUTHORITY ENTITLED TO RECEIVE THE MONEY.

18 (3) TRANSFER AND REPAYMENT IS SUBJECT TO THE FOLLOWING:

19 (I) BEFORE MAKING THE TRANSFER UNDER PARAGRAPH (1),
20 THE STATE TREASURER SHALL:

21 (A) DETERMINE THE AMOUNT OF MONEY DEPOSITED IN
22 THE FUND WHICH WAS ATTRIBUTABLE TO EARNED INCOME
23 TAXES THAT A CONTRACTING AUTHORITY IS NOT ENTITLED TO
24 RECEIVE UNDER SUBSECTION (B); AND

25 (B) DEDUCT THE AMOUNT OF MONEY DETERMINED UNDER
26 CLAUSE (A) FROM THE MONEY TO BE TRANSFERRED UNDER
27 PARAGRAPH (1).

28 (II) IF ANY AMOUNT OF THE MONEY UNDER SUBPARAGRAPH
29 (I) (A) HAS ALREADY BEEN TRANSFERRED TO A CONTRACTING
30 AUTHORITY, THE STATE TREASURER SHALL TAKE ACTION AS

1 NECESSARY TO RECOVER THE MONEY FROM THE CONTRACTING
2 AUTHORITY, INCLUDING BY WAY OF SETOFF FROM MONEY TO BE
3 PAID TO THE CONTRACTING AUTHORITY UNDER PARAGRAPH (1).
4 THE CONTRACTING AUTHORITY SHALL COMPLY WITH A DEMAND MADE
5 BY THE STATE TREASURER FOR THE REPAYMENT OF MONEY UNDER
6 THIS PARAGRAPH.

7 (4) AS TO THE MONEY DEDUCTED OR RECOVERED UNDER
8 PARAGRAPH (3), THE STATE TREASURER SHALL:

9 (I) IDENTIFY THE LOCAL TAXING AUTHORITIES THAT WERE
10 ENTITLED TO RECEIVE THE MONEY WHICH WAS DEPOSITED IN THE
11 FUND;

12 (II) DETERMINE THE AMOUNT TO WHICH EACH LOCAL TAXING
13 AUTHORITY WAS ENTITLED; AND

14 (III) REMIT THE AMOUNT UNDER SUBPARAGRAPH (II) TO
15 THE PROPER LOCAL TAXING AUTHORITY.

16 (B) CALCULATION.--WITHIN 60 DAYS OF THE END OF EACH CALENDAR
17 YEAR, THE DEPARTMENT SHALL CERTIFY SEPARATELY FOR EACH
18 NEIGHBORHOOD IMPROVEMENT ZONE THE AMOUNTS OF STATE TAXES PAID,
19 LESS ANY STATE TAX REFUNDS RECEIVED, BY THE QUALIFIED BUSINESSES
20 FILING REPORTS UNDER SUBSECTION (A.1) (1) TO THE OFFICE OF THE
21 BUDGET. BEGINNING IN THE FIRST FULL CALENDAR YEAR FOLLOWING THE
22 DESIGNATION OF A NEIGHBORHOOD IMPROVEMENT ZONE AND IN EACH
23 CALENDAR YEAR THEREAFTER, BY NOVEMBER 1, THE DEPARTMENT SHALL
24 CALCULATE, IN ACCORDANCE WITH THIS SUBSECTION, AMOUNTS OF STATE
25 TAXES ACTUALLY RECEIVED BY THE COMMONWEALTH FROM EACH QUALIFIED
26 BUSINESS THAT FILED A REPORT UNDER SUBSECTION (A.1) (1) IN THE
27 PRIOR CALENDAR YEAR, AND THE DEPARTMENT SHALL CERTIFY THE
28 AMOUNTS RECEIVED TO THE OFFICE. AN ENTITY COLLECTING A LOCAL TAX
29 WITHIN THE NEIGHBORHOOD IMPROVEMENT ZONE SHALL, WITHIN 30 DAYS
30 OF THE END OF EACH CALENDAR YEAR, SUBMIT ALL OF THE LOCAL TAXES

1 THAT ARE TO BE CALCULATED UNDER THIS SUBSECTION AND WHICH WERE
2 PAID IN THE PRIOR CALENDAR YEAR, LESS ANY CERTIFIED LOCAL TAX
3 REFUNDS RECEIVED BY A QUALIFIED BUSINESS IN THE PRIOR CALENDAR
4 YEAR, TO THE STATE TREASURER TO BE DEPOSITED IN THE FUND UNDER
5 SUBSECTION (D) OF THE CONTRACTING AUTHORITY THAT ESTABLISHED THE
6 NEIGHBORHOOD IMPROVEMENT ZONE. THIS SUBSECTION SHALL NOT APPLY
7 TO ANY TAXES SUBJECT TO A VALID PLEDGE OR SECURITY INTEREST
8 ENTERED INTO IN ORDER TO SECURE DEBT SERVICE ON BONDS IF THE
9 PLEDGE OR SECURITY INTEREST WAS ENTERED INTO PRIOR TO MAY 1,
10 2011, OR IN THE CASE OF THE NEIGHBORHOOD IMPROVEMENT ZONE
11 DESIGNATED AFTER JULY 1, 2011, ON THE DATE OF THE DESIGNATION,
12 AND IS STILL IN EFFECT. THE FOLLOWING SHALL BE THE AMOUNTS
13 CALCULATED AND CERTIFIED SEPARATELY FOR EACH NEIGHBORHOOD
14 IMPROVEMENT ZONE:

15 (1) AN AMOUNT EQUAL TO ALL CORPORATE NET INCOME TAX,
16 CAPITAL STOCK AND FRANCHISE TAX, PERSONAL INCOME TAX,
17 BUSINESS PRIVILEGE TAX, BUSINESS PRIVILEGE LICENSING FEES AND
18 EARNED INCOME TAX RELATED TO THE OWNERSHIP AND OPERATION OF A
19 PROFESSIONAL SPORTS ORGANIZATION CONDUCTING PROFESSIONAL
20 ATHLETIC EVENTS AT THE FACILITY OR FACILITY COMPLEX.

21 (2) AN AMOUNT EQUAL TO ALL OF THE FOLLOWING:

22 (I) ALL PERSONAL INCOME TAX, EARNED INCOME TAX AND
23 LOCAL SERVICES TAX WITHHELD FROM ITS EMPLOYEES BY A
24 PROFESSIONAL SPORTS ORGANIZATION CONDUCTING PROFESSIONAL
25 ATHLETIC EVENTS AT THE FACILITY OR FACILITY COMPLEX.

26 (II) ALL PERSONAL INCOME TAX, EARNED INCOME TAX AND
27 LOCAL SERVICES TAX WITHHELD FROM THE EMPLOYEES OF ANY
28 PROVIDER OF EVENTS AT OR SERVICES TO, OR ANY OPERATOR OF
29 AN ENTERPRISE IN, THE FACILITY OR FACILITY COMPLEX.

30 (III) ALL PERSONAL INCOME TAX, EARNED INCOME TAX AND

1 LOCAL SERVICES TAX TO WHICH THE COMMONWEALTH WOULD BE
2 ENTITLED FROM PERFORMERS OR OTHER PARTICIPANTS, INCLUDING
3 VISITING TEAMS, AT AN EVENT OR ACTIVITY AT THE FACILITY
4 OR FACILITY COMPLEX.

5 (3) AN AMOUNT EQUAL TO ALL SALES AND USE TAX RELATED TO
6 THE OPERATION OF THE PROFESSIONAL SPORTS ORGANIZATION AND THE
7 FACILITY AND ENTERPRISES DEVELOPED AS PART OF THE FACILITY
8 COMPLEX. THIS PARAGRAPH SHALL INCLUDE SALES AND USE TAX PAID
9 BY ANY PROVIDER OF EVENTS OR ACTIVITIES AT OR SERVICES TO THE
10 FACILITY OR FACILITY COMPLEX, INCLUDING SALES AND USE TAX
11 PAID BY VENDORS AND CONCESSIONAIRES AND CONTRACTORS AT THE
12 FACILITY OR FACILITY COMPLEX.

13 (4) AN AMOUNT EQUAL TO ALL TAX PAID TO THE COMMONWEALTH
14 RELATED TO THE SALE OF ANY LIQUOR, WINE OR MALT OR BREWED
15 BEVERAGE IN THE FACILITY OR FACILITY COMPLEX.

16 (5) THE AMOUNT PAID BY THE PROFESSIONAL SPORTS
17 ORGANIZATION OR BY ANY PROVIDER OF EVENTS OR ACTIVITIES AT OR
18 SERVICES TO THE FACILITY OR FACILITY COMPLEX OF ANY NEW TAX
19 ENACTED BY THE COMMONWEALTH FOLLOWING OCTOBER 9, 2009.

20 (6) AN AMOUNT EQUAL TO ALL PERSONAL INCOME TAX, EARNED
21 INCOME TAX AND LOCAL SERVICES TAX WITHHELD FROM PERSONNEL BY
22 THE PROFESSIONAL SPORTS ORGANIZATION OR BY A CONTRACTOR OR
23 OTHER ENTITY INVOLVED IN THE CONSTRUCTION OF THE FACILITY OR
24 FACILITY COMPLEX.

25 (7) AN AMOUNT EQUAL TO ALL SALES AND USE TAX PAID ON
26 MATERIALS AND OTHER CONSTRUCTION COSTS, WHETHER WITHHELD OR
27 PAID BY THE PROFESSIONAL SPORTS ORGANIZATION OR OTHER ENTITY,
28 DIRECTLY RELATED TO THE CONSTRUCTION OF THE FACILITY OR
29 FACILITY COMPLEX.

30 (8) AN AMOUNT EQUAL TO ALL OF THE FOLLOWING:

1 (I) ALL CORPORATE NET INCOME TAX, CAPITAL STOCK AND
2 FRANCHISE TAX, PERSONAL INCOME TAX, BUSINESS PRIVILEGE
3 TAX, BUSINESS PRIVILEGE LICENSING FEES AND EARNED INCOME
4 TAX RELATED TO THE OWNERSHIP AND OPERATION OF ANY
5 QUALIFIED BUSINESS WITHIN THE NEIGHBORHOOD IMPROVEMENT
6 ZONE.

7 (II) ALL PERSONAL INCOME TAX, EARNED INCOME TAX AND
8 LOCAL SERVICES TAX WITHHELD FROM ITS EMPLOYEES BY A
9 QUALIFIED BUSINESS WITHIN THE NEIGHBORHOOD IMPROVEMENT
10 ZONE.

11 (III) ALL PERSONAL INCOME TAX, EARNED INCOME TAX AND
12 LOCAL SERVICES TAX WITHHELD FROM THE EMPLOYEES OF A
13 QUALIFIED BUSINESS THAT PROVIDES EVENTS, ACTIVITIES OR
14 SERVICES IN THE NEIGHBORHOOD IMPROVEMENT ZONE.

15 (IV) ALL PERSONAL INCOME TAX, EARNED INCOME TAX AND
16 LOCAL SERVICES TAX TO WHICH THE COMMONWEALTH WOULD BE
17 ENTITLED FROM PERFORMERS OR OTHER PARTICIPANTS AT AN
18 EVENT OR ACTIVITY IN THE NEIGHBORHOOD IMPROVEMENT ZONE.

19 (V) ALL SALES AND USE TAX RELATED TO THE OPERATION
20 OF A QUALIFIED BUSINESS WITHIN THE NEIGHBORHOOD
21 IMPROVEMENT ZONE. THIS SUBPARAGRAPH SHALL INCLUDE SALES
22 AND USE TAX PAID BY A QUALIFIED BUSINESS THAT PROVIDES
23 EVENTS, ACTIVITIES OR SERVICES IN THE NEIGHBORHOOD
24 IMPROVEMENT ZONE.

25 (VI) ALL TAX PAID BY A QUALIFIED BUSINESS TO THE
26 COMMONWEALTH RELATED TO THE SALE OF ANY LIQUOR, WINE OR
27 MALT OR BREWED BEVERAGE WITHIN THE NEIGHBORHOOD
28 IMPROVEMENT ZONE.

29 (VII) THE AMOUNT PAID A QUALIFIED BUSINESS WITHIN
30 THE NEIGHBORHOOD IMPROVEMENT ZONE OF ANY NEW TAX ENACTED

1 BY THE COMMONWEALTH FOLLOWING OCTOBER 9, 2009.

2 (VIII) ALL PERSONAL INCOME TAX, EARNED INCOME TAX
3 AND LOCAL SERVICES TAX WITHHELD FROM PERSONNEL BY A
4 QUALIFIED BUSINESS INVOLVED IN THE IMPROVEMENT,
5 DEVELOPMENT OR CONSTRUCTION OF THE NEIGHBORHOOD
6 IMPROVEMENT ZONE.

7 (IX) ALL SALES AND USE TAX PAID ON MATERIALS AND
8 OTHER CONSTRUCTION COSTS, WHETHER WITHHELD OR PAID BY THE
9 PROFESSIONAL SPORTS ORGANIZATION OR OTHER QUALIFIED
10 BUSINESS, DIRECTLY RELATED TO THE IMPROVEMENT,
11 DEVELOPMENT OR CONSTRUCTION OF THE NEIGHBORHOOD
12 IMPROVEMENT ZONE.

13 (X) AN AMOUNT EQUAL TO ANY AMUSEMENT TAX PAID BY A
14 QUALIFIED BUSINESS OPERATING IN THE NEIGHBORHOOD
15 IMPROVEMENT ZONE. NO POLITICAL SUBDIVISION OR OTHER
16 ENTITY AUTHORIZED TO COLLECT AMUSEMENT TAXES MAY IMPOSE
17 OR INCREASE THE RATE OF ANY TAX ON ADMISSIONS TO PLACES
18 OF ENTERTAINMENT, EXHIBITION, AMUSEMENT OR UPON ATHLETIC
19 EVENTS IN THE NEIGHBORHOOD IMPROVEMENT ZONE WHICH ARE NOT
20 IN EFFECT ON THE DATE THE NEIGHBORHOOD IMPROVEMENT ZONE
21 IS DESIGNATED BY THE CONTRACTING AUTHORITY.

22 (9) EXCEPT FOR A TAX LEVIED AGAINST REAL PROPERTY AND
23 NOTWITHSTANDING ANY OTHER LAW, AN AMOUNT EQUAL TO ANY TAX
24 IMPOSED BY THE COMMONWEALTH OR ANY OF ITS POLITICAL
25 SUBDIVISIONS ON A QUALIFIED BUSINESS ENGAGED IN AN ACTIVITY
26 WITHIN THE NEIGHBORHOOD IMPROVEMENT ZONE OR DIRECTLY OR
27 INDIRECTLY ON ANY SALE OR PURCHASE OF GOODS OR SERVICES,
28 WHERE THE POINT OF SALE OR PURCHASE IS WITHIN THE
29 NEIGHBORHOOD IMPROVEMENT ZONE.

30 (C) STATE TAX LIABILITY APPORTIONMENT.--FOR THE PURPOSE OF

1 MAKING THE CALCULATIONS UNDER SUBSECTION (B), THE STATE TAX
2 LIABILITY OF A QUALIFIED BUSINESS SHALL BE APPORTIONED TO THE
3 NEIGHBORHOOD IMPROVEMENT ZONE BY MULTIPLYING THE PENNSYLVANIA
4 STATE TAX LIABILITY BY A FRACTION, THE NUMERATOR OF WHICH IS THE
5 PROPERTY FACTOR PLUS THE PAYROLL FACTOR PLUS THE SALES FACTOR
6 AND THE DENOMINATOR OF WHICH IS THREE, IN ACCORDANCE WITH THE
7 FOLLOWING:

8 (1) THE PROPERTY FACTOR IS A FRACTION, THE NUMERATOR OF
9 WHICH IS THE AVERAGE VALUE OF THE TAXPAYER'S REAL AND
10 TANGIBLE PERSONAL PROPERTY OWNED OR RENTED AND USED IN THE
11 NEIGHBORHOOD IMPROVEMENT ZONE DURING THE TAX PERIOD AND THE
12 DENOMINATOR OF WHICH IS THE AVERAGE VALUE OF ALL THE
13 TAXPAYER'S REAL AND TANGIBLE PERSONAL PROPERTY OWNED OR
14 RENTED AND USED IN THIS COMMONWEALTH DURING THE TAX PERIOD
15 BUT SHALL NOT INCLUDE THE SECURITY INTEREST OF ANY
16 CORPORATION AS SELLER OR LESSOR IN PERSONAL PROPERTY SOLD OR
17 LEASED UNDER A CONDITIONAL SALE, BAILMENT LEASE, CHATTEL
18 MORTGAGE OR OTHER CONTRACT PROVIDING FOR THE RETENTION OF A
19 LIEN OR TITLE AS SECURITY FOR THE SALE PRICE OF THE PROPERTY.

20 (2) THE FOLLOWING APPLY:

21 (I) THE PAYROLL FACTOR IS A FRACTION, THE NUMERATOR
22 OF WHICH IS THE TOTAL AMOUNT PAID IN THE NEIGHBORHOOD
23 IMPROVEMENT ZONE DURING THE TAX PERIOD BY THE TAXPAYER
24 FOR COMPENSATION AND THE DENOMINATOR OF WHICH IS THE
25 TOTAL COMPENSATION PAID IN THIS COMMONWEALTH DURING THE
26 TAX PERIOD.

27 (II) COMPENSATION IS PAID IN THE NEIGHBORHOOD
28 IMPROVEMENT ZONE IF:

29 (A) THE PERSON'S SERVICE IS PERFORMED ENTIRELY
30 WITHIN THE NEIGHBORHOOD IMPROVEMENT ZONE;

1 (B) THE PERSON'S SERVICE IS PERFORMED BOTH
2 WITHIN AND WITHOUT THE NEIGHBORHOOD IMPROVEMENT ZONE,
3 BUT THE SERVICE PERFORMED WITHOUT THE NEIGHBORHOOD
4 IMPROVEMENT ZONE IS INCIDENTAL TO THE PERSON'S
5 SERVICE WITHIN THE NEIGHBORHOOD IMPROVEMENT ZONE; OR

6 (C) SOME OF THE SERVICE IS PERFORMED IN THE
7 NEIGHBORHOOD IMPROVEMENT ZONE AND THE BASE OF
8 OPERATIONS OR, IF THERE IS NO BASE OF OPERATIONS, THE
9 PLACE FROM WHICH THE SERVICE IS DIRECTED OR
10 CONTROLLED IS IN THE NEIGHBORHOOD IMPROVEMENT ZONE,
11 OR THE BASE OF OPERATIONS OR THE PLACE FROM WHICH THE
12 SERVICE IS DIRECTED OR CONTROLLED IS NOT IN ANY
13 LOCATION IN WHICH SOME PART OF THE SERVICE IS
14 PERFORMED, BUT THE PERSON'S RESIDENCE IS IN THE
15 NEIGHBORHOOD IMPROVEMENT ZONE.

16 (3) THE SALES FACTOR IS A FRACTION, THE NUMERATOR OF
17 WHICH IS THE TOTAL SALES OF THE TAXPAYER IN THE NEIGHBORHOOD
18 IMPROVEMENT ZONE DURING THE TAX PERIOD AND THE DENOMINATOR OF
19 WHICH IS THE TOTAL SALES OF THE TAXPAYER IN THIS COMMONWEALTH
20 DURING THE TAX PERIOD.

21 (I) SALES OF TANGIBLE PERSONAL PROPERTY ARE IN THE
22 NEIGHBORHOOD IMPROVEMENT ZONE IF THE PROPERTY IS
23 DELIVERED OR SHIPPED TO A PURCHASER THAT TAKES POSSESSION
24 WITHIN THE NEIGHBORHOOD IMPROVEMENT ZONE REGARDLESS OF
25 THE F.O.B. POINT OR OTHER CONDITIONS OF THE SALE.

26 (II) SALES OTHER THAN SALES OF TANGIBLE PERSONAL
27 PROPERTY ARE IN THE NEIGHBORHOOD IMPROVEMENT ZONE IF:

28 (A) THE INCOME-PRODUCING ACTIVITY IS PERFORMED
29 IN THE NEIGHBORHOOD IMPROVEMENT ZONE; OR

30 (B) THE INCOME-PRODUCING ACTIVITY IS PERFORMED

1 BOTH WITHIN AND WITHOUT THE NEIGHBORHOOD IMPROVEMENT
2 ZONE AND A GREATER PROPORTION OF THE INCOME-PRODUCING
3 ACTIVITY IS PERFORMED IN THE NEIGHBORHOOD IMPROVEMENT
4 ZONE THAN IN ANY OTHER LOCATION, BASED ON COSTS OF
5 PERFORMANCE.

6 (D) TRANSFERS.--

7 (1) WITHIN TEN DAYS OF RECEIVING CERTIFICATION UNDER
8 SUBSECTION (B), THE SECRETARY OF THE BUDGET SHALL DIRECT THE
9 STATE TREASURER TO, NOTWITHSTANDING ANY OTHER LAW, TRANSFER
10 THE AMOUNTS CERTIFIED UNDER SUBSECTION (B) FOR EACH
11 NEIGHBORHOOD IMPROVEMENT ZONE FROM THE GENERAL FUND TO THE
12 FUND OF THE CONTRACTING AUTHORITY THAT ESTABLISHED THE
13 NEIGHBORHOOD IMPROVEMENT ZONE. BEGINNING IN THE SECOND
14 CALENDAR YEAR FOLLOWING THE DESIGNATION OF A NEIGHBORHOOD
15 IMPROVEMENT ZONE AND IN EACH YEAR THEREAFTER, THE AMOUNTS
16 CERTIFIED BY THE SECRETARY TO THE STATE TREASURER AND THE
17 AMOUNTS TRANSFERRED BY THE STATE TREASURER TO THE FUND OF
18 EACH CONTRACTING AUTHORITY SHALL BE DETERMINED AS FOLLOWS:

19 (I) ADD AMOUNTS CERTIFIED BY THE DEPARTMENT UNDER
20 SUBSECTION (B) FOR THE PRIOR CALENDAR YEAR.

21 (II) SUBTRACT FROM THE SUM UNDER SUBPARAGRAPH (I)
22 ANY STATE TAX REFUNDS PAID AS CERTIFIED BY THE DEPARTMENT
23 UNDER SUBSECTION (B).

24 (III) ADD TO THE DIFFERENCE UNDER SUBPARAGRAPH (II)
25 ANY AMOUNTS CERTIFIED UNDER SUBSECTION (B) WITH RESPECT
26 TO THE SECOND PRIOR CALENDAR YEAR.

27 (IV) SUBTRACT FROM THE SUM UNDER SUBPARAGRAPH (III)
28 ANY AMOUNTS CERTIFIED UNDER SUBSECTION (B) WHICH ARE LESS
29 THAN THE AMOUNTS PREVIOUSLY CERTIFIED UNDER SUBSECTION
30 (B) WITH RESPECT TO THE SECOND PRIOR CALENDAR YEAR.

1 (2) THE STATE TREASURER SHALL PROVIDE AN ANNUAL TRANSFER
2 TO THE CONTRACTING AUTHORITY UNTIL THE BONDS ISSUED TO
3 FINANCE AND REFINANCE THE IMPROVEMENT AND DEVELOPMENT OF THE
4 NEIGHBORHOOD IMPROVEMENT ZONE AND THE CONSTRUCTION OF THE
5 FACILITY OR FACILITY COMPLEX ARE RETIRED. EACH ANNUAL
6 TRANSFER TO THE CONTRACTING AUTHORITY SHALL BE EQUAL TO THE
7 BALANCE OF THE FUND OF THE CONTRACTING AUTHORITY ON THE DATE
8 OF THE TRANSFER UNDER PARAGRAPH (1).

9 (E) RESTRICTION ON USE OF MONEY.--MONEY TRANSFERRED UNDER
10 SUBSECTION (D) IS SUBJECT TO THE FOLLOWING:

11 (1) THE MONEY MAY ONLY BE UTILIZED AS FOLLOWS:

12 (I) FOR PAYMENT OF DEBT SERVICE, DIRECTLY OR
13 INDIRECTLY THROUGH A MULTITIERED OWNERSHIP STRUCTURE OR
14 OTHER STRUCTURE AUTHORIZED BY A CONTRACTING AUTHORITY TO
15 FACILITATE FINANCING MECHANISMS, ON BONDS OR ON
16 REFINANCING LOANS USED TO REPAY BONDS ISSUED TO FINANCE
17 OR REFINANCE:

18 (A) THE IMPROVEMENT AND DEVELOPMENT OF ALL OR
19 ANY PART OF THE NEIGHBORHOOD IMPROVEMENT ZONE; AND

20 (B) THE CONSTRUCTION OF ALL OR PART OF A
21 FACILITY OR FACILITY COMPLEX.

22 (II) FOR PAYMENT OF DEBT SERVICE ON BONDS ISSUED TO
23 REFUND THOSE BONDS.

24 (III) FOR REPLENISHMENT OF AMOUNTS REQUIRED IN ANY
25 DEBT SERVICE RESERVE FUNDS ESTABLISHED TO PAY DEBT
26 SERVICE ON BONDS.

27 (1.1) THE TERM OF A BOND TO BE REFUNDED SHALL NOT EXCEED
28 THE MAXIMUM TERM PERMITTED FOR THE ORIGINAL BOND ISSUED FOR
29 THE IMPROVEMENT OR DEVELOPMENT OF THE NEIGHBORHOOD
30 IMPROVEMENT ZONE AND THE CONSTRUCTION OF A FACILITY OR

1 FACILITY COMPLEX.

2 (2) THE MONEY MAY NOT BE UTILIZED FOR PURPOSES OF
3 RENOVATING OR REPAIRING A FACILITY OR FACILITY COMPLEX,
4 EXCEPT FOR CAPITAL MAINTENANCE AND IMPROVEMENT PROJECTS.

5 (F) TICKET SURCHARGE.--THE ENTITY OPERATING THE FACILITY MAY
6 COLLECT A CAPITAL REPAIR AND IMPROVEMENT TICKET SURCHARGE, THE
7 PROCEEDS OF WHICH SHALL BE DEPOSITED INTO THE FUND OF EACH
8 CONTRACTING AUTHORITY. THE FUND OF EACH CONTRACTING AUTHORITY
9 SHALL BE MAINTAINED AND UTILIZED AS FOLLOWS:

10 (1) THE MONEY DEPOSITED UNDER THIS SUBSECTION MAY NOT BE
11 ENCUMBERED FOR ANY REASON AND SHALL BE TRANSFERRED TO THE
12 ENTITY FOR CAPITAL REPAIR AND IMPROVEMENT PROJECTS UPON
13 REQUEST FROM THE ENTITY.

14 (2) UPON THE EXPIRATION OF THE NEIGHBORHOOD IMPROVEMENT
15 ZONE UNDER SECTION 1906-B, ANY AND ALL PORTIONS OF THE FUND
16 ATTRIBUTABLE TO THE TICKET SURCHARGE SHALL BE IMMEDIATELY
17 TRANSFERRED TO THE CONTRACTING AUTHORITY TO BE HELD IN ESCROW
18 WHERE THEY SHALL BE UNENCUMBERED AND MAINTAINED BY THE
19 CONTRACTING AUTHORITY IN THE SAME MANNER AS THE FUND. UPON
20 THE TRANSFER, ANY TICKET SURCHARGE COLLECTED BY THE OPERATING
21 ENTITY SHALL THEREAFTER BE DEPOSITED IN THE ACCOUNT
22 MAINTAINED BY THE CONTRACTING AUTHORITY AND DISPERSED FOR A
23 CAPITAL REPAIR AND IMPROVEMENT PROJECT UPON REQUEST BY THE
24 OPERATING ENTITY.

25 (G) EXCESS MONEY.--WITHIN 30 DAYS OF THE END OF EACH
26 CALENDAR YEAR, ANY MONEY REMAINING IN THE FUND OF EACH
27 CONTRACTING AUTHORITY AT THE END OF THE PRIOR CALENDAR YEAR
28 AFTER THE REQUIRED PAYMENTS UNDER SUBSECTION (D) (2) WERE MADE IN
29 THE PRIOR CALENDAR YEAR SHALL BE REFUNDED IN THE FOLLOWING
30 MANNER:

1 (1) MONEY SHALL FIRST BE RETURNED TO THE GENERAL FUND TO
2 THE EXTENT THAT THE EXCESS MONEY IS PART OF THE TRANSFER
3 UNDER SUBSECTION (D) (1).

4 (2) MONEY SHALL NEXT BE PAID TO THE CONTRACTING
5 AUTHORITY TO THE EXTENT THAT THE AMOUNTS PAID UNDER
6 SUBSECTION (D) (2) CONSISTED OF LOCAL TAXES. THE CONTRACTING
7 AUTHORITY SHALL RETURN THE MONEY TO THE APPROPRIATE ENTITIES
8 COLLECTING LOCAL TAX WHO SUBMITTED THE LOCAL TAXES TO THE
9 STATE TREASURER UNDER SUBSECTION (B).

10 SECTION 1905-B. KEYSTONE OPPORTUNITY ZONE.

11 WITHIN FOUR MONTHS FOLLOWING THE DESIGNATION OF A
12 NEIGHBORHOOD IMPROVEMENT ZONE, A CITY MAY APPLY TO THE
13 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT TO DECERTIFY
14 AND REMOVE THE DESIGNATION OF ALL OR PART OF THE KEYSTONE
15 OPPORTUNITY ZONE ON BEHALF OF ALL POLITICAL SUBDIVISIONS. THE
16 PROVISIONS OF SECTION 309 OF THE ACT OF OCTOBER 6, 1998
17 (P.L.705, NO.92), KNOWN AS THE KEYSTONE OPPORTUNITY ZONE,
18 KEYSTONE OPPORTUNITY EXPANSION ZONE AND KEYSTONE OPPORTUNITY
19 IMPROVEMENT ZONE ACT SHALL BE DEEMED SATISFIED AS TO ALL
20 POLITICAL SUBDIVISIONS. THE DEPARTMENT OF COMMUNITY AND ECONOMIC
21 DEVELOPMENT SHALL ACT ON THE APPLICATION WITHIN 30 DAYS.

22 SECTION 1906-B. DURATION.

23 THE NEIGHBORHOOD IMPROVEMENT ZONE SHALL BE IN EFFECT FOR A
24 PERIOD EQUAL TO ONE YEAR FOLLOWING RETIREMENT OF ALL BONDS
25 ISSUED TO FINANCE OR REFINANCE THE IMPROVEMENT AND DEVELOPMENT
26 OF THE NEIGHBORHOOD IMPROVEMENT ZONE OR THE CONSTRUCTION OF THE
27 FACILITY OR THE FACILITY COMPLEX. THE MAXIMUM TERM OF THE BOND,
28 INCLUDING THE REFUNDING OF THE BOND, SHALL NOT EXCEED 30 YEARS.

29 SECTION 1907-B. COMMONWEALTH PLEDGES.

30 IF AND TO THE EXTENT THAT THE CONTRACTING AUTHORITY PLEDGES

1 AMOUNTS REQUIRED TO BE TRANSFERRED TO THE FUND OF THE
2 CONTRACTING AUTHORITY UNDER SECTION 1904-B FOR THE PAYMENT OF
3 BONDS ISSUED BY THE CONTRACTING AUTHORITY, UNTIL ALL BONDS
4 SECURED BY THE PLEDGE OF THE CONTRACTING AUTHORITY, TOGETHER
5 WITH THE INTEREST ON THE BONDS, ARE FULLY PAID OR PROVIDED FOR,
6 THE COMMONWEALTH PLEDGES TO AND AGREES WITH ANY PERSON, FIRM,
7 CORPORATION OR GOVERNMENT AGENCY, WHETHER IN THIS COMMONWEALTH
8 OR ELSEWHERE, AND TO AND WITH ANY FEDERAL AGENCY SUBSCRIBING TO
9 OR ACQUIRING THE BONDS ISSUED BY THE CONTRACTING AUTHORITY THAT
10 THE COMMONWEALTH ITSELF WILL NOT, NOR WILL IT AUTHORIZE ANY
11 GOVERNMENT ENTITY TO, ABOLISH OR REDUCE THE SIZE OF THE
12 NEIGHBORHOOD IMPROVEMENT ZONE; TO AMEND OR REPEAL SECTION 1904-
13 B(A.1), (B) OR (D); TO LIMIT OR ALTER THE RIGHTS VESTED IN THE
14 CONTRACTING AUTHORITY IN A MANNER INCONSISTENT WITH THE
15 OBLIGATIONS OF THE CONTRACTING AUTHORITY WITH RESPECT TO THE
16 BONDS ISSUED BY THE CONTRACTING AUTHORITY; OR TO OTHERWISE
17 IMPAIR REVENUES TO BE PAID UNDER THIS ARTICLE TO THE CONTRACTING
18 AUTHORITY NECESSARY TO PAY DEBT SERVICE ON BONDS. NOTHING IN
19 THIS SECTION SHALL LIMIT THE AUTHORITY OF THE COMMONWEALTH OR
20 ANY GOVERNMENT ENTITY TO CHANGE THE RATE, TAX BASES OR ANY
21 SUBJECT OF ANY SPECIFIC TAX OR REPEALING OR ENACTING ANY TAX.
22 SECTION 1908-B. CONFIDENTIALITY.

23 NOTWITHSTANDING ANY LAW PROVIDING FOR THE CONFIDENTIALITY OF
24 TAX RECORDS, THE CONTRACTING AUTHORITY AND THE LOCAL TAXING
25 AUTHORITIES SHALL HAVE ACCESS TO ANY REPORTS AND CERTIFICATIONS
26 FILED UNDER THIS ARTICLE, AND THE CONTRACTING AUTHORITY SHALL
27 HAVE ACCESS TO ANY STATE OR LOCAL TAX INFORMATION FILED BY A
28 QUALIFIED BUSINESS IN THE NEIGHBORHOOD IMPROVEMENT ZONE SOLELY
29 FOR THE PURPOSE OF DOCUMENTING THE CERTIFICATIONS REQUIRED BY
30 THIS ARTICLE. ANY OTHER USE OF THE TAX INFORMATION SHALL BE

1 PROHIBITED AS PROVIDED UNDER LAW.

2 ARTICLE XIX-C

3 KEYSTONE SPECIAL DEVELOPMENT ZONE PROGRAM

4 SECTION 1901-C. SCOPE OF ARTICLE.

5 THIS ARTICLE RELATES TO THE KEYSTONE SPECIAL DEVELOPMENT ZONE
6 PROGRAM.

7 SECTION 1902-C. DEFINITIONS.

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

11 "AFFILIATE." AS FOLLOWS:

12 (1) AN ENTITY WHICH IS PART OF THE SAME "AFFILIATED
13 GROUP," AS DEFINED IN SECTION 1504(A) OF THE INTERNAL REVENUE
14 CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1504(A)), AS A
15 KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER; OR

16 (2) AN ENTITY THAT WOULD BE PART OF THE SAME "AFFILIATED
17 GROUP" EXCEPT THAT THE ENTITY OR THE KEYSTONE SPECIAL
18 DEVELOPMENT EMPLOYER IS NOT A CORPORATION.

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

21 "EMPLOYEE." AN INDIVIDUAL WHO:

22 (1) IS EMPLOYED IN THIS COMMONWEALTH BY A KEYSTONE
23 SPECIAL DEVELOPMENT ZONE EMPLOYER, OR ITS PREDECESSOR, AFTER
24 JUNE 30, 2011;

25 (2) IS EMPLOYED FOR AT LEAST 35 HOURS PER WEEK BY A
26 KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER; AND

27 (3) SPENDS AT LEAST 90% OF HIS OR HER WORKING TIME FOR
28 THE KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER AT THE
29 KEYSTONE SPECIAL DEVELOPMENT ZONE LOCATION.

30 "FULL-TIME EQUIVALENT EMPLOYEE." THE WHOLE NUMBER OF

1 EMPLOYEES, ROUNDED DOWN, THAT EQUALS THE SUM OF:

2 (1) THE TOTAL PAID HOURS, INCLUDING PAID TIME OFF AND
3 FAMILY LEAVE UNDER THE FAMILY AND MEDICAL LEAVE ACT OF 1993
4 (PUBLIC LAW 103-3, 29 U.S.C. § 2601 ET SEQ.), OF ALL OF A
5 KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER'S EMPLOYEES
6 CLASSIFIED AS NONEXEMPT DURING THE KEYSTONE SPECIAL
7 DEVELOPMENT ZONE EMPLOYER'S TAX YEAR DIVIDED BY 2000; AND

8 (2) A TOTAL NUMBER ARRIVED AT BY ADDING, FOR EACH
9 KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER'S EMPLOYEE
10 CLASSIFIED AS EXEMPT SCHEDULED TO WORK AT LEAST 35 HOURS PER
11 WEEK, THE FRACTION EQUAL TO THE PORTION OF THE YEAR THE
12 EXEMPT EMPLOYEE WAS PAID BY THE KEYSTONE SPECIAL DEVELOPMENT
13 ZONE EMPLOYER. WHETHER AN EMPLOYEE SHALL BE CLASSIFIED AS
14 EXEMPT OR NONEXEMPT SHALL BE DETERMINED UNDER THE FAIR LABOR
15 STANDARDS ACT OF 1938 (52 STAT. 1060, 29 U.S.C. § 201 ET
16 SEQ.).

17 THE CALCULATION UNDER THIS DEFINITION EXCLUDES EMPLOYEES
18 PREVIOUSLY EMPLOYED BY AN AFFILIATE AND EMPLOYEES PREVIOUSLY
19 EMPLOYED BY THE KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER
20 OUTSIDE OF A KEYSTONE SPECIAL DEVELOPMENT ZONE.

21 "KEYSTONE SPECIAL DEVELOPMENT ZONE." A PARCEL OF REAL
22 PROPERTY THAT MEETS ALL OF THE FOLLOWING:

23 (1) ON JULY 1, 2011, WAS WITHIN A SPECIAL INDUSTRIAL
24 AREA, AS DESCRIBED IN SECTION 305(A) OF THE ACT OF MAY 19,
25 1995 (P.L.4, NO.2), KNOWN AS THE LAND RECYCLING AND
26 ENVIRONMENTAL REMEDIATION STANDARDS ACT, FOR WHICH THE
27 DEPARTMENT OF ENVIRONMENTAL PROTECTION HAS EXECUTED A SPECIAL
28 INDUSTRIAL AREA CONSENT ORDER AND AGREEMENT, AS PROVIDED
29 UNDER SECTION 502(A) OF THE LAND RECYCLING AND ENVIRONMENTAL
30 REMEDICATION STANDARDS ACT.

1 (2) ON JULY 1, 2011:

2 (I) HAD NO PERMANENT VERTICAL STRUCTURES AFFIXED TO
3 IT; OR

4 (II) HAD A PERMANENT VERTICAL STRUCTURE AFFIXED TO
5 IT WHICH HAS BEEN DETERIORATED OR ABANDONED FOR AT LEAST
6 20 YEARS.

7 (3) IS CERTIFIED BY THE DEPARTMENT OF ENVIRONMENTAL
8 PROTECTION AS MEETING THE REQUIREMENTS OF PARAGRAPHS (1) AND
9 (2).

10 "KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER." A PERSON OR
11 ENTITY SUBJECT TO THE TAXES IMPOSED UNDER ARTICLE III, IV, VI,
12 VII, VIII OR XV, WHO EMPLOYS ONE OR MORE EMPLOYEES AT A KEYSTONE
13 SPECIAL DEVELOPMENT ZONE. THE TERM SHALL INCLUDE A PASS-THROUGH
14 ENTITY. THE TERM SHALL NOT INCLUDE ANY OF THE FOLLOWING:

15 (1) AN EMPLOYER WHO, AFTER JANUARY 1, 1990,
16 INTENTIONALLY OR NEGLIGENTLY CAUSED OR CONTRIBUTED TO, IN ANY
17 MATERIAL RESPECT, A LEVEL OF REGULATED SUBSTANCE ABOVE THE
18 CLEANUP STANDARDS IN THE ACT OF MAY 19, 1995 (P.L.4, NO.2),
19 KNOWN AS THE LAND RECYCLING AND ENVIRONMENTAL REMEDIATION
20 STANDARDS ACT, ON, IN OR UNDER THE KEYSTONE SPECIAL
21 DEVELOPMENT ZONE AT WHICH AN EMPLOYEE IS EMPLOYED.

22 (2) AN EMPLOYER ENGAGED IN CONSTRUCTION IMPROVEMENTS ON
23 A KEYSTONE SPECIAL DEVELOPMENT ZONE.

24 "PASS-THROUGH ENTITY." A PARTNERSHIP AS DEFINED IN SECTION
25 301(N.0), OR A PENNSYLVANIA S CORPORATION AS DEFINED IN SECTION
26 301(N.1).

27 "QUALIFIED TAX LIABILITY." ANY TAX OWED BY A KEYSTONE
28 SPECIAL DEVELOPMENT ZONE EMPLOYER ATTRIBUTABLE TO A BUSINESS
29 ACTIVITY CONDUCTED WITHIN A KEYSTONE SPECIAL DEVELOPMENT ZONE
30 FOR A TAX YEAR UNDER ARTICLE III, IV, VI, VII, VIII OR XV.

1 SECTION 1903-C. KEYSTONE SPECIAL DEVELOPMENT ZONE TAX CREDIT.

2 (A) TAX CREDIT.--A KEYSTONE SPECIAL DEVELOPMENT ZONE
3 EMPLOYER SHALL BE ENTITLED TO CLAIM A TAX CREDIT AGAINST ITS
4 QUALIFIED TAX LIABILITY AS PROVIDED IN THIS ARTICLE.

5 (B) PROCESS.--

6 (1) A KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER SHALL
7 NOTIFY THE DEPARTMENT OF ITS QUALIFICATION FOR A TAX CREDIT
8 UNDER THIS ARTICLE BY FEBRUARY 1 FOR TAX CREDITS EARNED
9 DURING A TAXABLE YEAR ENDING IN THE PRIOR CALENDAR YEAR.

10 (2) THE NOTIFICATION SHALL CONTAIN THE FOLLOWING:

11 (I) THE NAME, ADDRESS AND TAXPAYER IDENTIFICATION
12 NUMBER OF THE KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER.

13 (II) VERIFICATION THAT IT IS A KEYSTONE SPECIAL
14 DEVELOPMENT ZONE EMPLOYER LOCATED IN A KEYSTONE SPECIAL
15 DEVELOPMENT ZONE.

16 (III) THE NAMES, ADDRESSES AND SOCIAL SECURITY
17 NUMBERS OF ALL EMPLOYEES FOR WHICH THE CREDIT IS CLAIMED.

18 (IV) VERIFICATION THAT EACH EMPLOYEE IDENTIFIED IN
19 SUBPARAGRAPH (III) SPENT AT LEAST 90% OF THE EMPLOYEE'S
20 WORKING TIME FOR THE KEYSTONE SPECIAL DEVELOPMENT ZONE
21 EMPLOYER AT THE EMPLOYER'S KEYSTONE SPECIAL DEVELOPMENT
22 ZONE LOCATION.

23 (V) ANY OTHER INFORMATION REQUIRED BY THE
24 DEPARTMENT.

25 (3) TO QUALIFY FOR THE CREDIT, THE DEPARTMENT OF REVENUE
26 MUST CERTIFY THAT THE KEYSTONE SPECIAL DEVELOPMENT ZONE
27 EMPLOYER IS CURRENT WITH ALL TAX LIABILITIES.

28 (4) BY MARCH 1 OF EACH YEAR, THE DEPARTMENT SHALL SEND
29 THE KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER WHO SUBMITTED
30 THE NOTIFICATION A CERTIFICATE OF ITS QUALIFICATION FOR THE

1 CREDIT, WHICH CERTIFICATE THE KEYSTONE SPECIAL DEVELOPMENT
2 ZONE EMPLOYER SHALL PRESENT TO THE DEPARTMENT OF REVENUE WHEN
3 FILING ITS RETURN CLAIMING THE CREDIT.

4 (C) AMOUNT.--THE AMOUNT OF THE TAX CREDIT A KEYSTONE SPECIAL
5 DEVELOPMENT ZONE EMPLOYER MAY EARN IN ANY TAX YEAR SHALL BE
6 EQUAL TO \$2,100 FOR EACH FULL-TIME EQUIVALENT EMPLOYEE IN EXCESS
7 OF THE NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES EMPLOYED BY THE
8 KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER PRIOR TO JANUARY 1,
9 2012.

10 (D) APPLICATION OF TAX CREDITS.--A KEYSTONE SPECIAL
11 DEVELOPMENT ZONE EMPLOYER MUST FIRST USE ITS KEYSTONE SPECIAL
12 DEVELOPMENT ZONE TAX CREDIT AGAINST ITS QUALIFIED TAX LIABILITY.

13 (D.1) SALE OR ASSIGNMENT OF TAX CREDIT.--

14 (1) IF THE KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER IS
15 ENTITLED TO A CREDIT IN ANY YEAR THAT EXCEEDS ITS QUALIFIED
16 TAX LIABILITY FOR THAT YEAR, UPON APPLICATION TO AND APPROVAL
17 BY THE DEPARTMENT, A KEYSTONE SPECIAL DEVELOPMENT ZONE
18 EMPLOYER WHICH HAS BEEN AWARDED A TAX CREDIT MAY SELL OR
19 ASSIGN, IN WHOLE OR IN PART, THE TAX CREDIT GRANTED TO THE
20 KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER. THE APPLICATION
21 MUST BE ON THE FORM REQUIRED BY THE DEPARTMENT AND MUST
22 INCLUDE OR DEMONSTRATE ALL OF THE FOLLOWING:

23 (I) THE APPLICANT'S NAME AND ADDRESS.

24 (II) A COPY OF THE TAX CREDIT CERTIFICATE PREVIOUSLY
25 ISSUED BY THE DEPARTMENT.

26 (III) A STATEMENT AS TO WHETHER ANY PART OF THE TAX
27 CREDIT HAS BEEN APPLIED TO TAX LIABILITY OF THE APPLICANT
28 AND THE AMOUNT SO APPLIED.

29 (IV) ANY OTHER INFORMATION REQUIRED BY THE
30 DEPARTMENT.

1 (2) THE DEPARTMENT SHALL REVIEW THE APPLICATION AND,
2 UPON BEING SATISFIED THAT ALL REQUIREMENTS HAVE BEEN MET,
3 SHALL APPROVE THE APPLICATION AND SHALL NOTIFY THE DEPARTMENT
4 OF REVENUE.

5 (3) THE PURCHASER OR ASSIGNEE OF ALL OR A PORTION OF A
6 KEYSTONE SPECIAL DEVELOPMENT ZONE TAX CREDIT UNDER THIS
7 SECTION SHALL CLAIM THE CREDIT IN THE TAXABLE YEAR IN WHICH
8 THE PURCHASE OR ASSIGNMENT IS MADE. THE PURCHASER OR ASSIGNEE
9 OF A TAX CREDIT MAY USE THE TAX CREDIT AGAINST ANY TAX
10 LIABILITY OF THE PURCHASER OR ASSIGNEE UNDER ARTICLE III, IV,
11 VI, VII, VIII OR XV. THE AMOUNT OF THE TAX CREDIT USED MAY
12 NOT EXCEED 75% OF THE PURCHASER'S OR ASSIGNEE'S TAX LIABILITY
13 FOR THE TAXABLE YEAR. THE PURCHASER OR ASSIGNEE MAY NOT CARRY
14 OVER, CARRY BACK, OBTAIN A REFUND OF OR ASSIGN THE KEYSTONE
15 SPECIAL DEVELOPMENT ZONE CREDIT. THE PURCHASER OR ASSIGNEE
16 SHALL NOTIFY THE DEPARTMENT AND THE DEPARTMENT OF REVENUE OF
17 THE SELLER OR ASSIGNOR OF THE KEYSTONE SPECIAL DEVELOPMENT
18 ZONE TAX CREDIT IN COMPLIANCE WITH PROCEDURES SPECIFIED BY
19 THE DEPARTMENT.

20 (E) USE AND CARRYFORWARD.--

21 (1) A KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER MAY
22 EARN THE TAX CREDIT ALLOWED UNDER THIS ARTICLE BEGINNING IN
23 ANY TAX YEAR BEGINNING IN 2012 AND FOR A PERIOD OF UP TO TEN
24 TAX YEARS DURING THE 15-YEAR PERIOD BEGINNING JULY 1, 2012,
25 AND ENDING JUNE 30, 2026.

26 (2) A KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER MAY
27 CARRY FORWARD FOR UP TO TEN YEARS A TAX CREDIT EARNED UNDER
28 THIS ARTICLE:

29 (I) WHICH IT IS UNABLE TO USE; OR

30 (II) WHICH IT DOES NOT SELL OR ASSIGN.

1 (3) TAX CREDITS CARRIED FORWARD UNDER PARAGRAPH (2)
2 SHALL BE USED ON A FIRST-IN-FIRST-OUT BASIS.

3 (F) DUAL-USE PROHIBITED.--IN A GIVEN YEAR, A KEYSTONE
4 SPECIAL DEVELOPMENT ZONE EMPLOYER MAY ONLY EARN TAX CREDITS
5 UNDER SUBSECTION (C) OR (D) OR UNDER THE ACT OF OCTOBER 6, 1998
6 (P.L.705, NO.92), KNOWN AS THE KEYSTONE OPPORTUNITY ZONE,
7 KEYSTONE OPPORTUNITY EXPANSION ZONE AND KEYSTONE OPPORTUNITY
8 IMPROVEMENT ZONE ACT. A KEYSTONE SPECIAL DEVELOPMENT ZONE
9 EMPLOYER MAY NOT CLAIM A CREDIT UNDER BOTH THIS SECTION AND
10 ARTICLE XVIII-B.

11 (G) PASS-THROUGH ENTITIES.--

12 (1) IF A KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER IS A
13 PASS-THROUGH ENTITY AND IT HAS ANY UNUSED TAX CREDIT UNDER
14 SUBSECTION (C), (D) OR (E), IT MAY ELECT IN WRITING,
15 ACCORDING TO PROCEDURES ESTABLISHED BY THE DEPARTMENT OF
16 REVENUE, TO TRANSFER ALL OR A PORTION OF THE CREDIT TO
17 SHAREHOLDERS, MEMBERS OR PARTNERS IN PROPORTION TO THE SHARE
18 OF THE ENTITY'S DISTRIBUTIVE INCOME TO WHICH THE SHAREHOLDER,
19 MEMBER OR PARTNER IS ENTITLED.

20 (2) A KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER THAT IS
21 A PASS-THROUGH ENTITY AND A SHAREHOLDER, MEMBER OR PARTNER OF
22 THAT KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER MAY NOT BOTH
23 CLAIM THE KEYSTONE SPECIAL DEVELOPMENT ZONE TAX CREDIT EARNED
24 BY THE KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER FOR ANY TAX
25 YEAR.

26 (3) A SHAREHOLDER, MEMBER OR PARTNER OF A KEYSTONE
27 SPECIAL DEVELOPMENT ZONE EMPLOYER THAT IS A PASS-THROUGH
28 ENTITY TO WHOM A CREDIT IS TRANSFERRED UNDER THIS SUBSECTION
29 SHALL IMMEDIATELY CLAIM THE CREDIT IN THE TAXABLE YEAR IN
30 WHICH THE TRANSFER IS MADE.

1 (H) TRANSFER.--ANY TAX CREDIT OR TAX CREDIT CARRYFORWARD
2 THAT A KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER IS ENTITLED TO
3 USE MAY BE TRANSFERRED TO A SUCCESSOR ENTITY OF THE KEYSTONE
4 SPECIAL DEVELOPMENT ZONE EMPLOYER.

5 (I) PENALTIES.--THE FOLLOWING SHALL APPLY:

6 (1) A COMPANY WHICH RECEIVES KEYSTONE SPECIAL
7 DEVELOPMENT ZONE TAX CREDITS AND FAILS TO SUBSTANTIALLY
8 MAINTAIN THE OPERATIONS RELATED TO THE KEYSTONE SPECIAL
9 DEVELOPMENT ZONE TAX CREDITS IN THIS COMMONWEALTH FOR A
10 PERIOD OF FIVE YEARS FROM THE DATE THE COMPANY FIRST SUBMITS
11 A KEYSTONE SPECIAL DEVELOPMENT ZONE TAX CREDIT CERTIFICATE TO
12 THE DEPARTMENT OF REVENUE SHALL BE REQUIRED TO REFUND TO THE
13 COMMONWEALTH THE TOTAL AMOUNT OF CREDITS GRANTED, WITH
14 INTEREST AND A PENALTY OF 20% OF THE AMOUNT OF CREDITS
15 GRANTED.

16 (2) THE DEPARTMENT MAY WAIVE THE PENALTIES IN SUBSECTION
17 (A) IF IT IS DETERMINED THAT A COMPANY'S OPERATIONS WERE NOT
18 MAINTAINED OR THE NEW JOBS WERE NOT CREATED BECAUSE OF
19 CIRCUMSTANCES BEYOND THE COMPANY'S CONTROL. CIRCUMSTANCES
20 INCLUDE NATURAL DISASTERS, UNFORESEEN INDUSTRY TRENDS OR A
21 LOSS OF A MAJOR SUPPLIER OR MARKET.

22 SECTION 1904-C. TAX LIABILITY ATTRIBUTABLE TO KEYSTONE SPECIAL
23 DEVELOPMENT ZONE.

24 (A) DETERMINATIONS OF ATTRIBUTABLE TAX LIABILITY.--TAX
25 LIABILITY ATTRIBUTABLE TO BUSINESS ACTIVITY CONDUCTED WITHIN A
26 KEYSTONE SPECIAL DEVELOPMENT ZONE SHALL BE COMPUTED, CONSTRUED,
27 ADMINISTERED AND ENFORCED IN CONFORMITY WITH ARTICLE III, IV,
28 VI, VII, VIII OR XV, WHICHEVER IS APPLICABLE, AND WITH SPECIFIC
29 REFERENCE TO THE FOLLOWING:

30 (1) IF THE ENTIRE BUSINESS OF THE EMPLOYER IN THIS

1 COMMONWEALTH IS TRANSACTED WHOLLY WITHIN THE KEYSTONE SPECIAL
2 DEVELOPMENT ZONE, THE TAX LIABILITY ATTRIBUTABLE TO BUSINESS
3 ACTIVITY WITHIN A KEYSTONE SPECIAL DEVELOPMENT ZONE SHALL
4 CONSIST OF THE PENNSYLVANIA INCOME AS DETERMINED UNDER
5 ARTICLE III, IV, VI, VII, VIII OR XV, WHICHEVER IS
6 APPLICABLE.

7 (2) IF THE ENTIRE BUSINESS OF THE EMPLOYER IN THIS
8 COMMONWEALTH IS NOT TRANSACTED WHOLLY WITHIN THE KEYSTONE
9 SPECIAL DEVELOPMENT ZONE, THE TAX LIABILITY OF AN EMPLOYER IN
10 A KEYSTONE SPECIAL DEVELOPMENT ZONE SHALL BE DETERMINED UPON
11 SUCH PORTION OF THE PENNSYLVANIA TAX LIABILITY OF SUCH
12 EMPLOYER ATTRIBUTABLE TO BUSINESS ACTIVITY CONDUCTED WITHIN
13 THE KEYSTONE SPECIAL DEVELOPMENT ZONE AND APPORTIONED IN
14 ACCORDANCE WITH SUBSECTION (B).

15 (B) TAX LIABILITY APPORTIONMENT.--THE TAX LIABILITY OF AN
16 EMPLOYER SHALL BE APPORTIONED TO THE KEYSTONE SPECIAL
17 DEVELOPMENT ZONE BY MULTIPLYING THE PENNSYLVANIA TAX LIABILITY
18 BY A FRACTION, THE NUMERATOR OF WHICH IS THE PROPERTY FACTOR
19 PLUS THE PAYROLL FACTOR AND THE DENOMINATOR OF WHICH IS TWO, IN
20 ACCORDANCE WITH THE FOLLOWING:

21 (1) THE PROPERTY FACTOR IS A FRACTION, THE NUMERATOR OF
22 WHICH IS THE AVERAGE VALUE OF THE EMPLOYER'S REAL AND
23 TANGIBLE PERSONAL PROPERTY OWNED OR RENTED AND USED IN THE
24 KEYSTONE SPECIAL DEVELOPMENT ZONE DURING THE TAX PERIOD AND
25 THE DENOMINATOR OF WHICH IS THE AVERAGE VALUE OF THE
26 EMPLOYER'S REAL AND TANGIBLE PERSONAL PROPERTY OWNED OR
27 RENTED AND USED IN THIS COMMONWEALTH DURING THE TAX PERIOD
28 BUT SHALL NOT INCLUDE THE SECURITY INTEREST OF ANY EMPLOYER
29 AS SELLER OR LESSOR IN PERSONAL PROPERTY SOLD OR LEASED UNDER
30 A CONDITIONAL SALE, BAILMENT LEASE, CHATTEL MORTGAGE OR OTHER

1 CONTRACT PROVIDING FOR THE RETENTION OF A LIEN OR TITLE AS
2 SECURITY FOR THE SALE PRICE OF THE PROPERTY.

3 (2) THE PAYROLL FACTOR IS A FRACTION, THE NUMERATOR OF
4 WHICH IS THE TOTAL AMOUNT PAID IN THE KEYSTONE SPECIAL
5 DEVELOPMENT ZONE DURING THE TAX PERIOD BY THE EMPLOYER TO AN
6 EMPLOYEE AS COMPENSATION AND THE DENOMINATOR OF WHICH IS THE
7 TOTAL COMPENSATION PAID BY THE EMPLOYER IN THIS COMMONWEALTH
8 DURING THE TAX PERIOD.

9 SECTION 33. (RESERVED).

10 SECTION 34. SECTION 2111 OF THE ACT IS AMENDED BY ADDING A
11 SUBSECTION TO READ:

12 SECTION 2111. TRANSFERS NOT SUBJECT TO TAX.--* * *

13 (T) A QUALIFIED FAMILY-OWNED BUSINESS. THE FOLLOWING SHALL
14 APPLY:

15 (1) A TRANSFER OF A QUALIFIED FAMILY-OWNED BUSINESS INTEREST
16 TO ONE OR MORE QUALIFIED TRANSFEREES IS EXEMPT FROM INHERITANCE
17 TAX, IF THE QUALIFIED FAMILY-OWNED BUSINESS INTEREST:

18 (I) CONTINUES TO BE OWNED BY A QUALIFIED TRANSFEREE FOR A
19 MINIMUM OF SEVEN YEARS AFTER THE DECEDENT'S DATE OF DEATH; AND

20 (II) IS REPORTED ON A TIMELY FILED INHERITANCE TAX RETURN.

21 (2) A QUALIFIED FAMILY-OWNED BUSINESS INTEREST THAT WAS
22 EXEMPTED FROM INHERITANCE TAX UNDER THIS SUBSECTION THAT IS NO
23 LONGER OWNED BY A QUALIFIED TRANSFEREE AT ANY TIME WITHIN SEVEN
24 YEARS AFTER THE DECEDENT'S DATE OF DEATH SHALL BE SUBJECT TO
25 INHERITANCE TAX DUE THE COMMONWEALTH UNDER SECTION 2107, IN AN
26 AMOUNT EQUAL TO THE INHERITANCE TAX THAT WOULD HAVE BEEN PAID OR
27 PAYABLE ON THE VALUE OF THE QUALIFIED FAMILY-OWNED BUSINESS
28 INTEREST USING THE VALUATION AUTHORIZED UNDER SECTION 2121 FOR
29 NONEXEMPT TRANSFERS OF PROPERTY. INTEREST SHALL ACCRUE FROM THE
30 PAYMENT DATE ESTABLISHED UNDER SECTION 2142 AT THE RATE

1 ESTABLISHED UNDER SECTION 2143.

2 (2.1) THE EXEMPTION UNDER THIS SUBSECTION SHALL NOT APPLY TO
3 PROPERTY TRANSFERRED BY THE DECEDENT INTO THE QUALIFIED FAMILY-
4 OWNED BUSINESS WITHIN ONE YEAR OF THE DEATH OF THE DECEDENT,
5 UNLESS THE PROPERTY WAS TRANSFERRED FOR A LEGITIMATE BUSINESS
6 PURPOSE.

7 (3) INHERITANCE TAX DUE UNDER SECTION 2107 AS A RESULT OF
8 DISQUALIFICATION UNDER PARAGRAPHS (2) OR (4), PLUS INTEREST ON
9 THE INHERITANCE TAX, SHALL BE A LIEN IN FAVOR OF THE
10 COMMONWEALTH ON THE REAL AND PERSONAL PROPERTY OF THE OWNER OF
11 THE QUALIFIED FAMILY-OWNED BUSINESS INTEREST AT THE TIME OF THE
12 TRANSACTION OR OCCURRENCE THAT DISQUALIFIED THE QUALIFIED
13 FAMILY-OWNED BUSINESS INTEREST FROM THE EXEMPTION PROVIDED UNDER
14 THIS SUBSECTION. THE INHERITANCE TAX DUE AND INTEREST SHALL BE
15 COLLECTIBLE IN THE MANNER PROVIDED FOR BY LAW FOR THE COLLECTION
16 OF DELINQUENT TAXES AND SHALL BE THE PERSONAL OBLIGATION OF THE
17 OWNER OF THE QUALIFIED FAMILY-OWNED BUSINESS INTEREST AT THE
18 TIME OF THE TRANSACTION OR OCCURRENCE THAT DISQUALIFIED THE
19 QUALIFIED FAMILY-OWNED BUSINESS INTEREST FROM THE EXEMPTION
20 PROVIDED UNDER THIS SUBSECTION. THE LIEN SHALL REMAIN UNTIL THE
21 INHERITANCE TAX AND ACCRUED INTEREST ARE PAID IN FULL.

22 (4) EACH OWNER OF A QUALIFIED FAMILY-OWNED BUSINESS INTEREST
23 EXEMPTED FROM INHERITANCE TAX UNDER THIS SUBSECTION SHALL
24 CERTIFY TO THE DEPARTMENT, ON AN ANNUAL BASIS, FOR SEVEN YEARS
25 AFTER THE DECEDENT'S DATE OF DEATH, THAT THE QUALIFIED FAMILY-
26 OWNED BUSINESS INTEREST CONTINUES TO BE OWNED BY A QUALIFIED
27 TRANSFeree AND SHALL NOTIFY THE DEPARTMENT WITHIN THIRTY DAYS OF
28 ANY TRANSACTION OR OCCURRENCE CAUSING THE QUALIFIED FAMILY-OWNED
29 BUSINESS INTEREST TO FAIL TO QUALIFY FOR THE EXEMPTION. EACH
30 YEAR THE DEPARTMENT SHALL INFORM ALL OWNERS OF A QUALIFIED

1 FAMILY-OWNED BUSINESS INTEREST EXEMPTED FROM INHERITANCE TAX
2 UNDER THIS SUBSECTION OF THEIR OBLIGATION TO PROVIDE AN ANNUAL
3 CERTIFICATION UNDER THIS PARAGRAPH. THE CERTIFICATION AND
4 NOTIFICATION SHALL BE COMPLETED IN THE FORM AND MANNER AS
5 PROVIDED BY THE DEPARTMENT. AN OWNER'S FAILURE TO COMPLY WITH
6 THE CERTIFICATION OR NOTIFICATION REQUIREMENTS SHALL RESULT IN
7 THE LOSS OF THE EXEMPTION AND THE QUALIFIED FAMILY-OWNED
8 BUSINESS INTEREST SHALL BE SUBJECT TO INHERITANCE TAX DUE THE
9 COMMONWEALTH UNDER SECTION 2107, IN AN AMOUNT EQUAL TO THE
10 INHERITANCE TAX THAT WOULD HAVE BEEN PAID OR PAYABLE ON THE
11 VALUE OF THE QUALIFIED FAMILY-OWNED BUSINESS INTEREST USING THE
12 VALUATION AUTHORIZED UNDER SECTION 2121 FOR NONEXEMPT TRANSFERS
13 OF PROPERTY. INTEREST SHALL ACCRUE FROM THE PAYMENT DATE
14 ESTABLISHED IN SECTION 2142 AT THE RATE ESTABLISHED IN SECTION
15 2143.

16 (5) FOR PURPOSES OF THIS SUBSECTION, THE FOLLOWING TERMS
17 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS PARAGRAPH:

18 "QUALIFIED TRANSFEREE." A DECEDENT'S:

19 (I) HUSBAND OR WIFE;

20 (II) LINEAL DESCENDANTS;

21 (III) SIBLINGS AND THE SIBLING'S LINEAL DESCENDANTS; AND

22 (IV) ANCESTORS AND THE ANCESTOR'S SIBLINGS.

23 "QUALIFIED FAMILY-OWNED BUSINESS INTEREST." AS FOLLOWS:

24 (I) AN INTEREST AS A PROPRIETOR IN A TRADE OR BUSINESS

25 CARRIED ON AS A PROPRIETORSHIP, IF THE PROPRIETORSHIP HAS FEWER

26 THAN FIFTY FULL-TIME EQUIVALENT EMPLOYEES AS OF THE DATE OF THE

27 DECEDENT'S DEATH, THE PROPRIETORSHIP HAS A NET BOOK VALUE OF

28 ASSETS TOTALING LESS THAN FIVE MILLION DOLLARS (\$5,000,000) AS

29 OF THE DATE OF THE DECEDENT'S DEATH, AND HAS BEEN IN EXISTENCE

30 FOR FIVE YEARS PRIOR TO THE DATE THE DECEDENT'S DEATH; OR

1 (II) AN INTEREST IN AN ENTITY CARRYING ON A TRADE OR
2 BUSINESS, IF:

3 (A) THE ENTITY HAS FEWER THAN FIFTY FULL TIME EQUIVALENT
4 EMPLOYEES AS OF THE DATE OF THE DECEDENT'S DEATH;

5 (B) THE ENTITY HAS A NET BOOK VALUE OF ASSETS TOTALING LESS
6 THAN FIVE MILLION DOLLARS (\$5,000,000) AS OF THE DATE OF THE
7 DECEDENT'S DEATH;

8 (C) AS OF THE DATE OF DECEDENT'S DEATH, THE ENTITY IS WHOLLY
9 OWNED BY THE DECEDENT OR BY THE DECEDENT AND MEMBERS OF THE
10 DECEDENT'S FAMILY THAT MEET THE DEFINITION OF A QUALIFIED
11 TRANSFeree;

12 (D) THE ENTITY IS ENGAGED IN A TRADE OR BUSINESS THE
13 PRINCIPAL PURPOSE OF WHICH IS NOT THE MANAGEMENT OF INVESTMENTS
14 OR INCOME-PRODUCING ASSETS OWNED BY THE ENTITY; AND

15 (E) THE ENTITY HAS BEEN IN EXISTENCE FOR FIVE YEARS PRIOR TO
16 THE DECEDENT'S DATE OF DEATH.

17 SECTION 35. SECTION 2112 OF THE ACT, AMENDED OR ADDED AUGUST
18 4, 1991 (P.L.97, NO.22), JUNE 16, 1994 (P.L.279, NO.48) AND JUNE
19 30, 1995 (P.L.139, NO.21), IS REPEALED:

20 [SECTION 2112. EXEMPTION FOR POVERTY.--(A) THE GENERAL
21 ASSEMBLY, IN RECOGNITION OF THE POWERS CONTAINED IN SECTION 2(B)
22 (II) OF ARTICLE VIII OF THE CONSTITUTION OF PENNSYLVANIA WHICH
23 PROVIDES THEREIN FOR THE ESTABLISHING AS A CLASS OR CLASSES OF
24 SUBJECTS OF TAXATION THE PROPERTY OR PRIVILEGES OF PERSONS WHO
25 BECAUSE OF POVERTY ARE DETERMINED TO BE IN NEED OF SPECIAL TAX
26 PROVISIONS OR TAX EXEMPTIONS, HEREBY DECLARES AS ITS LEGISLATIVE
27 INTENT AND PURPOSE TO IMPLEMENT SUCH POWERS UNDER SUCH
28 CONSTITUTIONAL PROVISION BY ESTABLISHING A TAX EXEMPTION AS
29 HEREINAFTER PROVIDED IN THIS SECTION.

30 (B) THE GENERAL ASSEMBLY, HAVING DETERMINED THAT THERE ARE

1 PERSONS WITHIN THIS COMMONWEALTH THE VALUE OF WHOSE INCOMES AND
2 ESTATES ARE SUCH THAT THE IMPOSITION OF AN INHERITANCE TAX UNDER
3 THIS ARTICLE WOULD CAUSE THEM HARDSHIP AND ECONOMIC BURDEN AND
4 HAVING FURTHER DETERMINED THAT POVERTY IS A RELATIVE CONCEPT
5 INEXTRICABLY JOINED WITH THE ABILITY TO MAINTAIN ASSETS
6 INHERITED UPON THE DEATH OF A SPOUSE, DEEMS IT TO BE A MATTER OF
7 PUBLIC POLICY TO PROVIDE AN EXEMPTION FROM TAXATION FOR
8 TRANSFERS OF PROPERTY TO OR FOR THE USE OF THAT CLASS OF PERSONS
9 HEREINAFTER DESIGNATED IN ORDER TO RELIEVE THEIR HARDSHIP AND
10 ECONOMIC BURDEN.

11 (C) ANY CLAIM FOR A TAX EXEMPTION HEREUNDER SHALL BE
12 DETERMINED IN ACCORDANCE WITH THE FOLLOWING:

13 (1) THE TRANSFEREE IS THE SPOUSE OF THE DECEDENT AT THE DATE
14 OF DEATH OF THE DECEDENT.

15 (2) THE VALUE OF THE ESTATE OF THE DECEDENT DOES NOT EXCEED
16 TWO HUNDRED THOUSAND DOLLARS (\$200,000) AFTER REDUCTION FOR
17 ACTUAL LIABILITIES OF THE DECEDENT AS EVIDENCED BY A WRITTEN
18 AGREEMENT.

19 (3) THE AVERAGE OF THE JOINT EXEMPTION INCOME OF THE
20 DECEDENT AND THE TRANSFEREE FOR THE THREE TAXABLE YEARS, AS
21 DEFINED IN ARTICLE III, IMMEDIATELY PRECEDING THE DATE OF DEATH
22 OF THE DECEDENT DOES NOT EXCEED FORTY THOUSAND DOLLARS
23 (\$40,000).

24 (D) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE,
25 TRANSFERS OF PROPERTY TO OR FOR THE USE OF ANY ELIGIBLE
26 TRANSFEREE WHO MEETS THE STANDARDS OF ELIGIBILITY ESTABLISHED BY
27 THIS SECTION AS THE TEST FOR POVERTY SHALL BE DEEMED A SEPARATE
28 CLASS SUBJECT TO TAXATION AND, AS SUCH, SHALL BE ENTITLED TO THE
29 BENEFIT OF THE FOLLOWING EXEMPTIONS FROM TAXATION ON TRANSFERS
30 OF PROPERTY AS A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE:

1 (1) FOR DECEDENTS DYING ON OR AFTER JANUARY 1, 1992, AND
2 BEFORE JANUARY 1, 1993, THE LESSER OF:

3 (I) TWO PER CENT OF THE TAXABLE VALUE OF THE PROPERTY OF THE
4 DECEDENT TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

5 (II) TWO PER CENT OF ONE HUNDRED THOUSAND DOLLARS (\$100,000)
6 OF THE TAXABLE VALUE OF THE PROPERTY OF THE DECEDENT TRANSFERRED
7 TO OR FOR THE USE OF THE TRANSFEREE.

8 (2) FOR DECEDENTS DYING ON OR AFTER JANUARY 1, 1993, AND
9 BEFORE JANUARY 1, 1994, THE LESSER OF:

10 (I) FOUR PER CENT OF THE TAXABLE VALUE OF THE PROPERTY OF
11 THE DECEDENT TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

12 (II) FOUR PER CENT OF ONE HUNDRED THOUSAND DOLLARS
13 (\$100,000) OF THE TAXABLE VALUE OF THE PROPERTY OF THE DECEDENT
14 TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

15 (3) FOR DECEDENTS DYING ON OR AFTER JANUARY 1, 1994, AND
16 BEFORE JANUARY 1, 1995, THE LESSER OF:

17 (I) SIX PER CENT OF THE TAXABLE VALUE OF THE PROPERTY OF THE
18 DECEDENT TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

19 (II) SIX PER CENT OF ONE HUNDRED THOUSAND DOLLARS (\$100,000)
20 OF THE TAXABLE VALUE OF THE PROPERTY OF THE DECEDENT TRANSFERRED
21 TO OR FOR THE USE OF THE TRANSFEREE.

22 (E) FOR NONRESIDENT DECEDENTS, THE CREDIT PROVIDED IN THIS
23 SECTION SHALL BEAR THE SAME RATIO AS THAT OF THE DECEDENT'S
24 ESTATE IN THIS COMMONWEALTH BEARS TO THE DECEDENT'S TOTAL ESTATE
25 WITHOUT REGARD TO SITUS.

26 (F) THE CREDIT PROVIDED IN THIS SECTION SHALL NOT BE GREATER
27 THAN THE TAX IMPOSED.

28 (G) THIS SECTION SHALL NOT APPLY TO THE ESTATES OF DECEDENTS
29 DYING ON OR AFTER JANUARY 1, 1995.]

30 SECTION 35.1. SECTION 2129 OF THE ACT, ADDED AUGUST 4, 1991

1 (P.L.97, NO.22), IS AMENDED TO READ:

2 SECTION 2129. LIABILITIES.-- (A) [ALL] EXCEPT AS SET FORTH
3 IN SECTION 2130(5), ALL LIABILITIES OF THE DECEDENT SHALL BE
4 DEDUCTIBLE SUBJECT TO THE LIMITATIONS SET FORTH IN THIS SECTION.

5 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (H) AND (I),
6 THE DEDUCTIONS FOR INDEBTEDNESS OF THE DECEDENT, WHEN FOUNDED
7 UPON A PROMISE OR AGREEMENT, SHALL BE LIMITED TO THE EXTENT THAT
8 IT WAS CONTRACTED BONA FIDE AND FOR AN ADEQUATE AND FULL
9 CONSIDERATION IN MONEY OR MONEY'S WORTH.

10 (C) EXCEPT AS PROVIDED BY SUBCLAUSE (4) OF SECTION 2130,
11 INDEBTEDNESS OWING BY THE DECEDENT UPON A SECURED LOAN IS
12 DEDUCTIBLE WHETHER OR NOT THE SECURITY IS A PART OF THE GROSS
13 TAXABLE ESTATE.

14 (D) EXCEPT AS PROVIDED BY SUBCLAUSE (4) OF SECTION 2130, THE
15 DECEDENT'S LIABILITY (NET OF ALL COLLECTIBLE CONTRIBUTION) ON A
16 JOINT OBLIGATION IS DEDUCTIBLE WHETHER OR NOT PAYMENT OF THE
17 OBLIGATION IS SECURED BY ENTIRETIES PROPERTY OR PROPERTY WHICH
18 PASSES TO ANOTHER UNDER THE RIGHT OF SURVIVORSHIP.

19 (E) INDEBTEDNESS ARISING FROM A CONTRACT FOR THE SUPPORT OF
20 THE DECEDENT IS DEDUCTIBLE.

21 (F) DECEDENT'S OBLIGATION IS DEDUCTIBLE WHETHER OR NOT
22 DISCHARGED BY TESTAMENTARY GIFT.

23 (G) DECEDENT'S DEBT, WHICH IS UNENFORCEABLE BECAUSE OF ANY
24 STATUTE OF LIMITATIONS, IS DEDUCTIBLE IF PAID BY THE ESTATE.

25 (H) A PLEDGE TO A TRANSFEREE EXEMPT UNDER THE PROVISIONS OF
26 SUBSECTION (C) OF SECTION 2111 IS DEDUCTIBLE IF PAID BY THE
27 ESTATE, WHETHER OR NOT IT IS LEGALLY ENFORCEABLE.

28 (I) LIABILITIES ARISING FROM THE DECEDENT'S TORT OR FROM
29 DECEDENT'S STATUS AS AN ACCOMMODATION ENDORSER, GUARANTOR OR
30 SURETY ARE DEDUCTIBLE, EXCEPT TO THE EXTENT THAT IT CAN BE

1 REASONABLY ANTICIPATED THAT DECEDENT'S ESTATE WILL BE EXONERATED
2 OR REIMBURSED BY OTHERS PRIMARILY LIABLE OR SUBJECT TO
3 CONTRIBUTION.

4 (J) THE FACT THAT A SURVIVING SPOUSE IS LEGALLY LIABLE AND
5 FINANCIALLY ABLE TO PAY ANY ITEM WHICH, IF THE DECEASED SPOUSE
6 WERE UNMARRIED, WOULD QUALIFY AS A DEDUCTION UNDER THIS PART
7 SHALL NOT RESULT IN THE DISALLOWANCE OF SUCH ITEM AS A
8 DEDUCTION.

9 (K) OBLIGATIONS FOR DECEDENT'S MEDICAL EXPENSES ARE NOT
10 DEDUCTIBLE TO THE EXTENT DECEDENT'S ESTATE WILL BE EXONERATED OR
11 REIMBURSED FOR SUCH EXPENSES FROM OTHER SOURCES.

12 SECTION 35.2. SECTION 2130 OF THE ACT, REENACTED AND AMENDED
13 JUNE 30, 1995 (P.L.139, NO.21), IS AMENDED TO READ:

14 SECTION 2130. DEDUCTIONS NOT ALLOWED.--THE FOLLOWING ARE NOT
15 DEDUCTIBLE:

16 (2) CLAIMS OF A FORMER SPOUSE, OR OTHERS, UNDER AN AGREEMENT
17 BETWEEN THE FORMER SPOUSE AND THE DECEDENT, INSOFAR AS THEY
18 ARISE IN CONSIDERATION OF A RELINQUISHMENT OR PROMISED
19 RELINQUISHMENT OF MARITAL OR SUPPORT RIGHTS.

20 (3) LITIGATION EXPENSES OF BENEFICIARIES.

21 (4) INDEBTEDNESS SECURED BY REAL PROPERTY OR TANGIBLE
22 PERSONAL PROPERTY, ALL OF WHICH HAS ITS SITUS OUTSIDE OF THIS
23 COMMONWEALTH, EXCEPT TO THE EXTENT THE INDEBTEDNESS EXCEEDS THE
24 VALUE OF THE PROPERTY.

25 (5) EXPENSES, DEBTS, OBLIGATIONS AND LIABILITIES INCURRED IN
26 CONNECTION WITH A QUALIFIED FAMILY-OWNED BUSINESS INTEREST
27 EXEMPTED FROM INHERITANCE UNDER SECTION 2111(T).

28 SECTION 36. SECTION 2701 OF THE ACT, ADDED OCTOBER 18, 2006
29 (P.L.1149, NO.119), IS AMENDED TO READ:

30 SECTION 2701. 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 "BOARD." THE BOARD OF FINANCE AND REVENUE.

5 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

6 "PARTY." THE TERM INCLUDES BOTH A TAXPAYER AND THE
7 DEPARTMENT.

8 "PETITIONER." A TAXPAYER.

9 "RETURN." THE TERM INCLUDES A TAX REPORT.

10 "SECRETARY." THE SECRETARY OF REVENUE OF THE COMMONWEALTH.

11 SECTION 37. SECTION 2702(B) OF THE ACT, AMENDED JULY 2, 2012
12 (P.L.751, NO.85), IS REPEALED:

13 SECTION 2702. PETITION FOR REASSESSMENT.

14 * * *

15 [(B) SPECIAL RULE FOR SHARES TAXES.--NOTWITHSTANDING ANY
16 PROVISION OF LAW TO THE CONTRARY, SECTION 1104.1 OF THE ACT OF
17 APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE, SHALL
18 CONSTITUTE THE EXCLUSIVE METHOD BY WHICH AN APPEAL FROM THE
19 ASSESSMENT OF THE TAX IMPOSED BY ARTICLE VII OR VIII MAY BE
20 MADE.]

21 * * *

22 SECTION 38. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

23 SECTION 2703.1. BOARD.

24 (A) MEMBERSHIP.--NOTWITHSTANDING ANY OTHER LAW TO THE
25 CONTRARY, THE BOARD OF FINANCE AND REVENUE SHALL CONSIST OF THE
26 THE FOLLOWING MEMBERS:

27 (1) THE STATE TREASURER OR THE STATE TREASURER'S
28 DESIGNEE; AND

29 (2) TWO MEMBERS NOMINATED BY THE GOVERNOR AND APPROVED
30 BY THE SENATE.

1 THE STATE TREASURER OR THE STATE TREASURER'S DESIGNEE SHALL HAVE
2 ONE VOTE ON THE BOARD AND THE OTHER TWO MEMBERS SHALL EACH HAVE
3 ONE VOTE ON THE BOARD.

4 (B) TERMS.--MEMBERS NOMINATED BY THE GOVERNOR AND APPROVED
5 BY THE SENATE SHALL SERVE AN INITIAL TERM OF FOUR AND SIX YEARS
6 RESPECTIVELY AS DESIGNATED BY THE GOVERNOR AT THE TIME OF
7 NOMINATION AND UNTIL THEIR SUCCESSORS HAVE QUALIFIED. AFTER THE
8 INITIAL TERMS, MEMBERS NOMINATED BY THE GOVERNOR AND APPROVED BY
9 THE SENATE SHALL SERVE FOR A TERM OF SIX YEARS AND UNTIL A
10 SUCCESSOR HAS QUALIFIED.

11 (C) MEMBER QUALIFICATIONS.--EACH MEMBER NOMINATED BY THE
12 GOVERNOR AND EACH MEMBER WHO IS A DESIGNEE OF THE STATE
13 TREASURER MUST SATISFY AND MAINTAIN THE FOLLOWING CRITERIA:

14 (1) BE A CITIZEN OF THE UNITED STATES.

15 (2) BE A RESIDENT OF THE COMMONWEALTH OF PENNSYLVANIA.

16 (3) BE AN ATTORNEY IN GOOD STANDING BEFORE THE SUPREME
17 COURT OF PENNSYLVANIA OR BE A CERTIFIED PUBLIC ACCOUNTANT IN
18 GOOD STANDING BEFORE THE STATE BOARD OF ACCOUNTANCY.

19 (4) HAVE AT LEAST TEN YEARS OF EXPERIENCE IN A POSITION
20 REQUIRING SUBSTANTIAL KNOWLEDGE OF PENNSYLVANIA TAX LAW.

21 (5) DEVOTE FULL TIME TO THE DUTIES OF THE OFFICE AND,
22 WHILE A MEMBER, MAY NOT ENGAGE IN ANY OTHER GAINFUL
23 EMPLOYMENT OR BUSINESS, NOR HOLD ANOTHER OFFICE OR POSITION
24 OF PROFIT IN A GOVERNMENT OF THIS COMMONWEALTH, ANY OTHER
25 STATE OR THE UNITED STATES. NOTHING IN THIS SECTION MAY BE
26 INTERPRETED TO PROHIBIT MEMBERS OF THE BOARD FROM SERVING IN
27 THE NATIONAL GUARD AND THE RESERVES OF THE ARMED FORCES OF
28 THE UNITED STATES WHILE A MEMBER OF THE BOARD.

29 (D) INITIAL TERM.--THE INITIAL TERM OF THE MEMBERS NOMINATED
30 BY THE GOVERNOR AND APPROVED BY THE SENATE SHALL BEGIN JANUARY

1 1, 2014.

2 (E) NOMINATION AND APPROVAL.--THE GOVERNOR MAY NOMINATE AND
3 THE SENATE MAY APPROVE THE TWO BOARD MEMBERS REFERRED TO IN
4 SUBSECTION (A) (2) AS OF THE EFFECTIVE DATE OF THIS SECTION.

5 (F) RENOMINATION.--A MEMBER MAY BE RENOMINATED UPON THE
6 EXPIRATION OF THE MEMBER'S TERM.

7 (G) VACANCIES.--ANY VACANCY SHALL BE FILLED FOR THE
8 UNEXPIRED TERM IN THE SAME MANNER AS SET FORTH IN THIS SECTION.

9 (H) SALARY.--EACH OF THE MEMBERS OF THE BOARD WHO ARE
10 NOMINATED BY THE GOVERNOR AND APPROVED BY THE SENATE SHALL
11 RECEIVE AN ANNUAL SALARY TO BE DETERMINED BY THE EXECUTIVE BOARD
12 COMMENSURATE WITH THE ANNUAL SALARY RECEIVED BY OTHER BOARDS AND
13 COMMISSIONS.

14 (I) OPERATION OF BOARD.--TWO MEMBERS OF THE BOARD SHALL
15 CONSTITUTE A QUORUM. THE BOARD SHALL ELECT A SECRETARY, WHO NEED
16 NOT BE A MEMBER OF THE BOARD. THE STATE TREASURER SHALL BE THE
17 CHAIRMAN OF THE BOARD AND SHALL, IN CONSULTATION WITH THE OTHER
18 MEMBERS, SELECT AND APPOINT THE COUNSEL, CLERKS AND OTHER
19 EMPLOYEES AS MAY BE NECESSARY TO ADMINISTER THE RESPONSIBILITIES
20 OF THE BOARD AND FOR THE PROPER CONDUCT OF ITS WORK.

21 (J) OATH OF OFFICE.--BEFORE ENTERING UPON THE DUTIES OF
22 OFFICE, A MEMBER SHALL TAKE AND SUBSCRIBE TO AN OATH OR
23 AFFIRMATION TO FAITHFULLY DISCHARGE THE DUTIES OF THE OFFICE.

24 (K) ACTIONS OF BOARD.--THE BOARD MAY TAKE ANY ACTION THAT IS
25 NECESSARY TO PROPERLY EXERCISE THE DUTIES, FUNCTIONS AND POWERS
26 GIVEN THE BOARD UPON THE EFFECTIVE DATE OF THIS SECTION.

27 (L) NEED FOR MAJORITY.--THE POWERS AND DUTIES VESTED IN AND
28 IMPOSED UPON THE BOARD SHALL IN ALL CASES BE EXERCISED OR
29 PERFORMED BY A MAJORITY OF THE BOARD.

30 (M) POWERS.--THE BOARD IS AUTHORIZED TO PROMULGATE AND ADOPT

1 ALL RULES, REGULATIONS AND FORMS AS MAY BE NECESSARY OR
2 APPROPRIATE.

3 SECTION 39. SECTION 2704 OF THE ACT, ADDED OCTOBER 18, 2006
4 (P.L.1149, NO.119), IS AMENDED TO READ:

5 SECTION 2704. REVIEW BY BOARD.

6 (A) PETITION FOR REVIEW OF A DECISION AND ORDER.--WITHIN 90
7 DAYS AFTER THE MAILING DATE OF THE DEPARTMENT'S NOTICE OF
8 DECISION AND ORDER ON A PETITION FILED WITH IT, A TAXPAYER MAY
9 PETITION THE BOARD TO REVIEW THE DECISION AND ORDER OF THE
10 DEPARTMENT.

11 (B) PETITION FOR REVIEW OF DENIAL BY DEPARTMENT'S FAILURE TO
12 ACT.--A PETITION FOR REVIEW MAY BE FILED WITH THE BOARD WITHIN
13 90 DAYS AFTER THE MAILING DATE OF THE DEPARTMENT'S NOTICE TO THE
14 PETITIONER OF ITS FAILURE TO DISPOSE OF THE PETITION WITHIN THE
15 TIME PERIODS PRESCRIBED BY SECTION 2703(D) OR (E).

16 (C) CONTENTS OF PETITION.--

17 (1) A PETITION FOR REVIEW OF THE DEPARTMENT'S DECISION
18 AND ORDER ON A PETITION FOR REASSESSMENT SHALL STATE ALL OF
19 THE FOLLOWING:

20 (I) THE TAX TYPE AND TAX PERIODS INCLUDED WITHIN THE
21 PETITION.

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

24 (III) THE BASIS UPON WHICH THE TAXPAYER CLAIMS THAT
25 THE ASSESSMENT IS ERRONEOUS.

26 (2) A PETITION FOR REVIEW OF THE DEPARTMENT'S DECISION
27 AND ORDER ON A PETITION FOR REFUND SHALL STATE ALL OF THE
28 FOLLOWING:

29 (I) THE TAX TYPE AND TAX PERIODS INCLUDED WITHIN THE
30 PETITION.

1 (II) THE AMOUNT OF THE TAX THAT THE TAXPAYER CLAIMS
2 TO HAVE BEEN OVERPAID.

3 (III) THE BASIS OF THE TAXPAYER'S CLAIMS FOR REFUND.

4 (2.1) ALL PETITIONS FOR REVIEW SHALL IDENTIFY A MAILING
5 ADDRESS TO WHICH ALL CORRESPONDENCE AND DECISIONS CAN BE
6 MAILED AND RECEIVED AND, IF SO DESIRED, AN E-MAIL ADDRESS TO
7 WHICH ALL CORRESPONDENCE AND DECISIONS CAN BE ELECTRONICALLY
8 SENT. THE BOARD SHALL BE PERMITTED TO RELY UPON THE ACCURACY
9 OF THE ADDRESS PROVIDED BY THE TAXPAYER, AND IT SHALL BE THE
10 DUTY OF THE TAXPAYER TO NOTIFY THE BOARD IF THERE IS ANY
11 CHANGE IN AN ADDRESS PROVIDED TO THE BOARD.

12 (3) A PETITION MAY SATISFY THE REQUIREMENTS OF
13 PARAGRAPHS (1) (III) OR (2) (III) BY INCORPORATING BY REFERENCE
14 THE PETITION FILED WITH THE DEPARTMENT IN WHICH THE BASIS OF
15 THE TAXPAYER'S CLAIM IS SPECIFICALLY STATED.

16 (D) AFFIDAVIT.--A PETITION SHALL BE SUPPORTED BY AN
17 AFFIDAVIT BY THE PETITIONER OR THE PETITIONER'S AUTHORIZED
18 REPRESENTATIVE THAT THE PETITION IS NOT MADE FOR THE PURPOSE OF
19 DELAY AND THAT THE FACTS SET FORTH IN THE PETITION ARE TRUE.

20 (D.1) REPRESENTATION.--

21 (1) APPEARANCES IN TAX APPEAL PROCEEDINGS CONDUCTED BY
22 THE BOARD MAY BE BY THE TAXPAYER OR BY AN ATTORNEY,
23 ACCOUNTANT OR OTHER REPRESENTATIVE PROVIDED THE
24 REPRESENTATION DOES NOT CONSTITUTE THE UNAUTHORIZED PRACTICE
25 OF LAW AS ADMINISTERED BY THE PENNSYLVANIA SUPREME COURT.

26 (2) THE DEPARTMENT SHALL HAVE THE RIGHT TO BE
27 REPRESENTED IN ALL TAX APPEAL PROCEEDINGS BEFORE THE BOARD.
28 THE SECRETARY, OR THE SECRETARY'S DESIGNEE, SHALL NOTIFY THE
29 BOARD AS TO WHOM COPIES OF ALL COMMUNICATIONS, NOTICES AND
30 DECISIONS SHOULD BE SENT ON BEHALF OF THE DEPARTMENT.

1 COMMUNICATIONS WITH THE DEPARTMENT'S APPOINTED REPRESENTATIVE
2 SHALL BE BY ELECTRONIC MEANS.

3 (D.2) EVIDENCE.--THE PETITIONER AND THE DEPARTMENT SHALL BE
4 ENTITLED TO PRESENT ORAL AND DOCUMENTARY EVIDENCE IN SUPPORT OF
5 THEIR POSITIONS. THE PETITIONER AND THE DEPARTMENT WILL BE
6 PROVIDED THE OPPORTUNITY TO COMMENT UPON ANY SUBMITTED EVIDENCE
7 AND PROVIDE WRITTEN AND ORAL ARGUMENT TO SUPPORT THEIR
8 POSITIONS.

9 (D.3) EX PARTE COMMUNICATIONS.--THE MEMBERS OR STAFF OF THE
10 BOARD SHALL NOT PARTICIPATE IN ANY EX PARTE COMMUNICATIONS WITH
11 THE PETITIONER OR THE DEPARTMENT OR THEIR REPRESENTATIVES
12 REGARDING THE MERITS OF ANY TAX APPEAL PENDING BEFORE THE BOARD.
13 ANY INFORMATION OR DOCUMENTATION PROVIDED TO THE MEMBERS OR
14 STAFF OF THE BOARD BY THE PETITIONER OR THE DEPARTMENT OR THEIR
15 REPRESENTATIVES IN A COMMUNICATION REGARDING THE MERITS OF ANY
16 APPEAL PENDING BEFORE THE BOARD SHALL ALSO BE PROMPTLY PROVIDED
17 TO THE OTHER PARTY.

18 (D.4) ACCESS TO DEPARTMENT'S DATABASE.--THE BOARD SHALL BE
19 PROVIDED ACCESS TO THE DEPARTMENT'S RECORDS RELATING TO A
20 PETITION BEFORE THE BOARD.

21 (D.5) REQUEST FOR HEARING.--UPON WRITTEN REQUEST OF THE
22 PETITIONER OR THE DEPARTMENT OR WHEN DEEMED NECESSARY BY THE
23 BOARD, THE BOARD SHALL SCHEDULE A HEARING TO REVIEW A PETITION.
24 THE PETITIONER AND THE DEPARTMENT SHALL BE NOTIFIED BY THE BOARD
25 OF THE DATE, TIME AND PLACE WHERE THE HEARING WILL BE HELD.

26 (D.6) HEARING PRACTICE.--HEARINGS SHALL BE OPEN TO THE
27 PUBLIC AND SHALL BE CONDUCTED IN ACCORDANCE WITH SUCH RULES OF
28 PRACTICE AND PROCEDURE AS THE BOARD MAY ADOPT AND PROMULGATE. ON
29 REQUEST OF EITHER PARTY OR ON ITS OWN ACCORD, THE BOARD MAY
30 CONDUCT PART OR ALL OF THE HEARING AS AN EXECUTIVE SESSION TO

1 THE EXTENT THAT IF HELD IN PUBLIC IT WOULD VIOLATE A LAWFUL
2 PRIVILEGE OR LEAD TO THE DISCLOSURE OF INFORMATION OR
3 CONFIDENTIALITY PROTECTED BY LAW.

4 (D.7) COMPROMISE SETTLEMENT.--THE BOARD SHALL ESTABLISH
5 PROCEDURES TO FACILITATE THE COMPROMISE SETTLEMENT OF ISSUES ON
6 APPEAL. A COMPROMISE SETTLEMENT SHALL BE ORDERED BY THE BOARD
7 ONLY WITH THE AGREEMENT OF BOTH THE PETITIONER AND THE
8 DEPARTMENT. THE PROVISIONS OF SECTION 2707(C) SHALL BE
9 APPLICABLE TO COMPROMISE SETTLEMENTS UNDER THIS SECTION.

10 (E) DECISION AND ORDER.--THE BOARD SHALL ISSUE A DECISION
11 AND ORDER IN WRITING DISPOSING OF A PETITION ON ANY BASIS AS IT
12 DEEMS TO BE IN ACCORDANCE WITH LAW AND EQUITY. A DECISION AND
13 ORDER SHALL INCLUDE THE CONCLUSIONS REACHED AND THE FACTS ON
14 WHICH THE DECISION WAS BASED. THE DECISION AND ORDER SHALL BE
15 APPROVED BY A MAJORITY OF THE BOARD. A COPY OF THE DECISION AND
16 ORDER AND ANY DISSENTING OPINION SHALL BE SENT TO THE PETITIONER
17 UTILIZING THE METHOD IDENTIFIED BY THE PETITIONER AND BY
18 ELECTRONIC MEANS TO THE DEPARTMENT.

19 (F) TIME LIMIT FOR DECISION AND ORDER.--

20 (1) EXCEPT AS PROVIDED IN [PARAGRAPH] PARAGRAPHS (2) AND
21 (3), THE BOARD SHALL ISSUE A DECISION AND ORDER DISPOSING OF
22 A PETITION WITHIN SIX MONTHS AFTER RECEIPT OF THE PETITION.
23 UPON THE REQUEST OF THE PETITIONER OR THE DEPARTMENT, THE
24 BOARD MAY EXTEND THE TIME PERIOD FOR THE BOARD TO DISPOSE OF
25 THE PETITION FOR ONE ADDITIONAL SIX-MONTH PERIOD.

26 (2) IF AT THE TIME OF THE FILING OF A PETITION
27 PROCEEDINGS ARE PENDING IN A COURT OF COMPETENT JURISDICTION
28 IN WHICH ANY CLAIM MADE IN THE PETITION MAY BE ESTABLISHED,
29 THE BOARD, UPON THE WRITTEN REQUEST OF THE PETITIONER, MAY
30 DEFER CONSIDERATION OF THE PETITION UNTIL THE FINAL JUDGMENT

1 DETERMINING THE QUESTION OR QUESTIONS INVOLVED IN THE
2 PETITION HAS BEEN DECIDED. IF CONSIDERATION OF THE PETITION
3 IS DEFERRED, THE BOARD SHALL ISSUE A DECISION AND ORDER
4 DISPOSING OF THE PETITION WITHIN SIX MONTHS AFTER THE FINAL
5 JUDGMENT.

6 (3) IF A MATTER PENDING BEFORE THE BOARD WOULD BE
7 MATERIALLY AFFECTED BY AN AUDIT OR OTHER PROCEEDING BEFORE
8 THE INTERNAL REVENUE SERVICE OR BY AN AUDIT OR OTHER
9 PROCEEDING CONDUCTED BY ANOTHER STATE, THE BOARD, UPON THE
10 WRITTEN REQUEST OF THE PETITIONER, MAY DEFER CONSIDERATION OF
11 THE PETITION UNTIL SUCH TIME AS THE OTHER AUDIT OR PROCEEDING
12 IS COMPLETED. IF CONSIDERATION OF THE PETITION IS DEFERRED,
13 THE BOARD SHALL ISSUE A DECISION AND ORDER DISPOSING OF THE
14 PETITION WITHIN SIX MONTHS AFTER THE AUDIT OR OTHER
15 PROCEEDING IS FINAL.

16 (G) FAILURE OF BOARD TO TAKE ACTION.--THE FAILURE OF THE
17 BOARD TO DISPOSE OF THE PETITION WITHIN THE TIME PERIOD PROVIDED
18 FOR BY SUBSECTION (F) SHALL ACT AS A DENIAL OF THE PETITION.
19 NOTICE OF THE BOARD'S FAILURE TO TAKE ACTION AND THE DENIAL OF
20 THE PETITION SHALL BE ISSUED TO THE PETITIONER AND THE
21 DEPARTMENT. THE MAILING DATE OF THE NOTICE SHALL BEGIN THE TIME
22 FOR FILING ANY APPEAL.

23 (H) PUBLICATION OF DECISIONS.--

24 (1) THE BOARD SHALL PUBLISH EACH DECISION, ALONG WITH
25 ANY DISSENTING OPINION, WHICH GRANTS OR DENIES IN WHOLE OR IN
26 PART A PETITION FOR REVIEW OR A PETITION FOR REFUND.

27 (2) PRIOR TO PUBLICATION OF A DECISION, THE BOARD SHALL
28 EDIT THE DECISION TO REDACT THE FOLLOWING:

29 (I) INFORMATION IDENTIFIED BY THE PETITIONER AS AND
30 THAT MEETS THE DEFINITION OF A TRADE SECRET OR

1 CONFIDENTIAL PROPRIETARY INFORMATION AS DEFINED IN
2 SECTION 102 OF THE ACT OF FEBRUARY 14, 2008 (P.L.6,
3 NO.3), KNOWN AS THE RIGHT-TO-KNOW LAW.

4 (II) AN INDIVIDUAL'S SOCIAL SECURITY NUMBER, HOME
5 ADDRESS, DRIVER'S LICENSE NUMBER, PERSONAL FINANCIAL
6 INFORMATION AS DEFINED IN SECTION 102 OF THE ACT OF
7 FEBRUARY 14, 2008, KNOWN AS THE RIGHT-TO-KNOW LAW, HOME,
8 CELLULAR OR PERSONAL TELEPHONE NUMBERS, PERSONAL E-MAIL
9 ADDRESSES, EMPLOYEE NUMBER OR OTHER CONFIDENTIAL PERSONAL
10 IDENTIFICATION NUMBER AND A RECORD IDENTIFYING THE NAME,
11 HOME ADDRESS OR DATE OF BIRTH OF A CHILD 17 YEARS OF AGE
12 OR YOUNGER.

13 (III) SPECIFIC DOLLAR AMOUNTS OF TAX.

14 (IV) INFORMATION PURSUANT TO THE ACT OF FEBRUARY 14,
15 2008, KNOWN AS THE RIGHT-TO-KNOW LAW.

16 (3) THE DISCLOSURE OF ANY REMAINING INFORMATION,
17 INCLUDING THE NAME OF THE TAXPAYER AND THE NATURE OF THE
18 TAXPAYER'S BUSINESS, SHALL BE DEEMED NOT TO VIOLATE ANY
19 PROVISION OF LAW TO THE CONTRARY, INCLUDING:

20 (I) SECTIONS 274, 353 AND 408.

21 (II) 18 PA.C.S. § 7326 (RELATING TO DISCLOSURE OF
22 CONFIDENTIAL TAX INFORMATION).

23 (III) SECTION 731 OF THE ACT OF APRIL 9, 1929
24 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE.

25 (4) DECISIONS SHALL BE INDEXED AND PUBLISHED ON A
26 PUBLICLY ACCESSIBLE INTERNET WEBSITE MAINTAINED BY THE BOARD.

27 (I) APPEALS.--AN APPEAL FROM A DECISION OF THE BOARD SHALL
28 BE TO THE COMMONWEALTH COURT AND SHALL BE DE NOVO.

29 SECTION 40. (RESERVED).

30 SECTION 41. REPEALS ARE AS FOLLOWS:

1 (1) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER
2 PARAGRAPH (2) IS NECESSARY TO EFFECTUATE THE AMENDMENT OR
3 REPEAL OF SECTIONS 701, 701.1, 701.4, 701.5 AND 2702(B) OF
4 THE ACT.

5 (2) SECTION 1104.1 OF THE ACT OF APRIL 9, 1929 (P.L.343,
6 NO.176), KNOWN AS THE FISCAL CODE, IS REPEALED.

7 (3) SECTION 207 AND 302 OF THE ACT OF OCTOBER 15, 1980
8 (P.L.950, NO.164), KNOWN AS THE COMMONWEALTH ATTORNEYS ACT,
9 ARE REPEALED INSOFAR AS THEY ARE INCONSISTENT WITH THE
10 ADDITION OF SECTION 2703.1 OF THE ACT.

11 (4) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER
12 PARAGRAPH (5) IS NECESSARY TO EFFECTUATE THE AMENDMENT OF
13 SECTION 2704(H) OF THE ACT.

14 (5) SECTION 503.1 OF THE FISCAL CODE IS REPEALED.

15 (6) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER
16 PARAGRAPH (7) IS NECESSARY TO EFFECTUATE THE ADDITION OF
17 SECTION 2703.1 OF THE ACT.

18 (7) SECTION 405 OF THE ACT OF APRIL 9, 1929 (P.L.177,
19 NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, IS
20 REPEALED.

21 (8) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER
22 PARAGRAPH (9) IS NECESSARY TO EFFECTUATE THE ADDITION OF
23 ARTICLE XIX-B OF THE ACT.

24 (9) ARTICLE XVI-B OF THE FISCAL CODE IS REPEALED.

25 (10) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER
26 PARAGRAPH (11) IS NECESSARY TO EFFECTUATE THE ADDITION OF
27 ARTICLE XIX-C OF THE ACT.

28 (11) ARTICLE XVI-F OF THE FISCAL CODE IS REPEALED.
29 SECTION 42. THE FOLLOWING SHALL APPLY:

30 (1) A TAX CREDIT MAY NOT BE GRANTED UNDER SECTION 206(B)

1 OF THE ACT AFTER JUNE 30, 2013.

2 (1.1) THE AMENDMENT OF SECTIONS 1702-D AND 1703-D OF THE
3 ACT SHALL APPLY TO TAX CREDITS AWARDED AFTER JUNE 30, 2013.

4 (2) THE AMENDMENT OR ADDITION OF THE FOLLOWING
5 PROVISIONS OF THE ACT SHALL APPLY TO TAX YEARS BEGINNING
6 AFTER DECEMBER 31, 2013:

7 (I) SECTION 301(D.2), (N.2), (O.4) AND (T).

8 (II) SECTION 303(A)(2) AND (A.8).

9 (III) SECTION 306.

10 (IV) SECTION 306.1.

11 (V) SECTION 306.2.

12 (VI) SECTION 307.8(A) AND (F).

13 (VII) SECTION 314(A).

14 (VIII) SECTION 315.10.

15 (IX) SECTION 315.11.

16 (X) SECTION 324.

17 (XI) SECTION 330.1.

18 (XII) SECTION 335.

19 (XIII) SECTION 401(3)2(A)(16.1) AND (17) AND (E).

20 (XIV) SECTION 403(D).

21 (2.1) THE AMENDMENT OR ADDITION OF SECTIONS 701, 701.1,
22 701.4 AND 701.5 OF THE ACT SHALL APPLY TO THE CALENDAR YEAR
23 BEGINNING ON JANUARY 1, 2014, AND TO EACH CALENDAR YEAR
24 THEREAFTER.

25 (3) THE ADDITION OF SECTION 1102-C.3(23) OF THE ACT
26 SHALL APPLY TO TRANSACTIONS OCCURRING ON OR AFTER NOVEMBER 1,
27 2011.

28 (4) THE ADDITION OF SECTION 2111(T) OF THE ACT SHALL
29 APPLY TO THE ESTATES OF DECEDENTS WHO DIE ON OR AFTER JULY 1,
30 2013.

1 (5) THE AMENDMENT OR REPEAL OF SECTIONS 2701 AND 2704 OF
2 THE ACT SHALL APPLY TO:

3 (I) ALL PETITIONS FILED WITH THE BOARD OF FINANCE
4 AND REVENUE AND ALL OTHER BUSINESS OF THE BOARD OF
5 FINANCE AND REVENUE ON OR AFTER APRIL 1, 2014.

6 (II) ALL PETITIONS FILED WITH THE BOARD OF FINANCE
7 AND REVENUE PRIOR TO APRIL 1, 2014, THAT HAVE NOT BEEN
8 THE SUBJECT OF A FINAL AND IRREVOCABLE DECISION BY THE
9 BOARD OF FINANCE AND REVENUE AS OF APRIL 1, 2014.

10 (5.1) THE REPEAL OF SECTION 2702(B) AND SECTION 1101.4
11 OF THE ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE
12 FISCAL CODE, SHALL APPLY TO A PETITION FOR REASSESSMENT FILED
13 WITH THE DEPARTMENT OF REVENUE ON OR AFTER THE EFFECTIVE DATE
14 OF THIS PARAGRAPH.

15 (6) SECTION 2703.1 OF THE ACT SHALL APPLY ON APRIL 1,
16 2014, OR WHEN THE TWO BOARD OF FINANCE AND REVENUE MEMBERS
17 REFERRED TO IN SECTION 2703.1(A)(2) HAVE BEEN SWORN IN,
18 WHICHEVER IS LATER. THE MEMBERS OF THE BOARD OF FINANCE AND
19 REVENUE IN OFFICE BEFORE APRIL 1, 2014, SHALL CONTINUE THEIR
20 TERMS UNTIL AT LEAST TWO MEMBERS OF THE BOARD UNDER SECTION
21 2703.1 HAVE BEEN SWORN IN.

22 (7) THE ADDITION OF ARTICLE XIX-B OF THE ACT IS A
23 CONTINUATION OF ARTICLE XVI-B OF THE ACT OF APRIL 9, 1929
24 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE. EXCEPT AS
25 OTHERWISE PROVIDED IN ARTICLE XIX-B OF THE ACT, ALL
26 ACTIVITIES INITIATED UNDER ARTICLE XVI-B OF THE FISCAL CODE
27 SHALL CONTINUE AND REMAIN IN FULL FORCE AND EFFECT AND MAY BE
28 COMPLETED UNDER ARTICLE XIX-B OF THE ACT. ORDERS,
29 REGULATIONS, RULES AND DECISIONS WHICH WERE MADE UNDER THE
30 ARTICLE XVI-B OF THE FISCAL CODE AND WHICH ARE IN EFFECT ON

1 THE EFFECTIVE DATE OF SECTION 41(9) OF THIS ACT SHALL REMAIN
2 IN FULL FORCE AND EFFECT UNTIL REVOKED, VACATED OR MODIFIED
3 UNDER ARTICLE XIX-B OF THE ACT. CONTRACTS, OBLIGATIONS AND
4 COLLECTIVE BARGAINING AGREEMENTS ENTERED INTO UNDER ARTICLE
5 XVI-B OF THE FISCAL CODE ARE NOT AFFECTED NOR IMPAIRED BY THE
6 REPEAL OF ARTICLE XVI-B OF THE FISCAL CODE AND SHALL REMAIN
7 IN FULL FORCE AND EFFECT UNDER THE TERMS OF THE CONTRACTS,
8 OBLIGATIONS AND COLLECTIVE BARGAINING AGREEMENTS.

9 (8) THE ADDITION OF ARTICLE XIX-C OF THE ACT IS A
10 CONTINUATION OF ARTICLE XVI-F OF THE FISCAL CODE. EXCEPT AS
11 OTHERWISE PROVIDED IN ARTICLE XIX-C OF THE ACT, ALL
12 ACTIVITIES INITIATED UNDER ARTICLE XVI-F OF THE FISCAL CODE
13 SHALL CONTINUE AND REMAIN IN FULL FORCE AND EFFECT AND MAY BE
14 COMPLETED UNDER ARTICLE XIX-C OF THE ACT. ORDERS,
15 REGULATIONS, RULES AND DECISIONS WHICH WERE MADE UNDER
16 ARTICLE XVI-F OF THE FISCAL CODE AND WHICH ARE IN EFFECT ON
17 THE EFFECTIVE DATE OF SECTION 41(11) OF THIS ACT SHALL REMAIN
18 IN FULL FORCE AND EFFECT UNTIL REVOKED, VACATED OR MODIFIED
19 UNDER ARTICLE XIX-C OF THE ACT. CONTRACTS, OBLIGATIONS AND
20 COLLECTIVE BARGAINING AGREEMENTS ENTERED INTO UNDER ARTICLE
21 XVI-F OF THE FISCAL CODE ARE NOT AFFECTED NOR IMPAIRED BY THE
22 REPEAL OF ARTICLE XVI-F OF THE FISCAL CODE.

23 SECTION 43. THE FOLLOWING SHALL APPLY:

24 (1) WITHIN 18 MONTHS OF THE EFFECTIVE DATE OF THIS
25 SECTION, THE DEPARTMENT OF REVENUE, WORKING JOINTLY WITH THE
26 SECRETARY OF BANKING AND SECURITIES AND REPRESENTATIVES FROM
27 THE BANKING INDUSTRY IN THIS COMMONWEALTH, SHALL SUBMIT A
28 DETAILED REPORT TO THE CHAIRMAN AND MINORITY CHAIRMAN OF THE
29 APPROPRIATIONS COMMITTEE OF THE SENATE, THE CHAIRMAN AND
30 MINORITY CHAIRMAN OF THE FINANCE COMMITTEE OF THE SENATE, THE

1 CHAIRMAN AND MINORITY CHAIRMAN OF THE APPROPRIATIONS
2 COMMITTEE OF THE HOUSE OF REPRESENTATIVES AND THE CHAIRMAN
3 AND MINORITY CHAIRMAN OF THE FINANCE COMMITTEE OF THE HOUSE
4 OF REPRESENTATIVES ASCERTAINING WHETHER THE ADJUSTMENT, UNDER
5 THE AMENDMENT OR REPEAL OF SECTIONS 701, 701.1, 701.4, 701.5
6 AND 2702(B) OF THE ACT, TO THE RATE OF TAX UNDER ARTICLE VII
7 OF THE ACT SUFFICIENTLY ADDRESSES THE SIGNIFICANT CHANGES IN
8 THE STRUCTURE AND REGULATORY ENVIRONMENT WITHIN THE BANKING
9 INDUSTRY. THE REPORT SHALL INCLUDE RECOMMENDATIONS WITH
10 REGARD TO ALL OF THE FOLLOWING:

11 (I) AN APPROPRIATE TAX BASE ON WHICH TO CALCULATE
12 TAX LIABILITIES, WHICH SHALL INCLUDE RECOGNITION OF THE
13 EFFECT OF A FINAL COURT DECISION AND PENDING LITIGATION
14 ON THE TAX BASE.

15 (II) AN APPROPRIATE RATE OF TAX NECESSARY TO PROVIDE
16 FAIR, STABLE AND PREDICTABLE TAX REVENUES TO THE
17 COMMONWEALTH TO ENSURE THAT THE TOTAL AMOUNT OF TAX
18 IMPOSED ON AN INSTITUTION SUBJECT TO THE TAX UNDER
19 ARTICLE VII OF THE ACT AND THE RATE OF GROWTH OF THE TAX
20 LIABILITIES WILL BE COMPETITIVE WITH TAXES IMPOSED BY
21 OTHER STATES, PARTICULARLY THOSE ADJACENT TO THIS
22 COMMONWEALTH. CONSIDERATION SHALL BE GIVEN TO THE
23 ADJUSTMENT TO THE RATE OF TAX UNDER THE AMENDMENT OR
24 REPEAL OF SECTIONS 701, 701.1, 701.4, 701.5 AND 2702(B)
25 OF THE ACT IN ORDER TO DETERMINE WHETHER FUTURE
26 ADJUSTMENTS ARE WARRANTED.

27 (III) AN APPROPRIATE METHODOLOGY TO ALLOCATE AND
28 APPORTION THE TAX BASE IN INSTANCES WHERE THE ENTIRE
29 BUSINESS OF A TAXPAYER SUBJECT TO ARTICLE VII OF THE ACT
30 IS NOT CONDUCTED IN THIS COMMONWEALTH.

1 (IV) PROPOSED DRAFT LEGISLATION CONCERNING THE
2 IMPLEMENTATION OF RECOMMENDED CHANGES TO ARTICLE VII OF
3 THE ACT.

4 (2) (RESERVED).

5 SECTION 44. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

6 (1) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT JANUARY
7 1, 2014, OR IMMEDIATELY, WHICHEVER IS LATER:

8 (I) THE AMENDMENT OF THE DEFINITIONS OF "DOCUMENT,"
9 "REAL ESTATE" AND "REAL ESTATE COMPANY" IN SECTION 1101-C
10 OF THE ACT.

11 (II) THE AMENDMENT OF SECTIONS 1102-C AND
12 1102-C.5(A) OF THE ACT.

13 (III) THE ADDITION OF ARTICLE II-B OF THE ACT.

14 (2) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT APRIL 1,
15 2014:

16 (I) THE AMENDMENT OF SECTION 2701 OF THE ACT.

17 (II) THE ADDITION OF SECTION 2703.1 OF THE ACT.

18 (III) THE AMENDMENT OF SECTION 2704 OF THE ACT.

19 (3) THE ADDITION OF SECTION 401(8), (9) AND (10) OF THE
20 ACT SHALL TAKE EFFECT JANUARY 1, 2015.

21 (4) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT IN 60
22 DAYS:

23 (I) THE ADDITION OF SECTION 278 OF THE ACT.

24 (II) THE ADDITION OF ARTICLE XVIII-F OF THE ACT.

25 (5) THE ADDITION OF SECTION 204(69) OF THE ACT SHALL
26 TAKE EFFECT IN 90 DAYS.

27 (6) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT
28 IMMEDIATELY.