
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 386 Session of 2015

INTRODUCED BY PILEGGI AND FOLMER, FEBRUARY 3, 2015

REFERRED TO FINANCE, FEBRUARY 3, 2015

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 corporate net income tax, further providing
11 for definitions.

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

14 Section 1. Section 401(3)2(b) of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended
16 September 9, 1971 (P.L.437, No.105), is amended to read:

17 Section 401. Definitions.--The following words, terms, and
18 phrases, when used in this article, shall have the meaning
19 ascribed to them in this section, except where the context
20 clearly indicates a different meaning:

21 * * *

22 (3) "Taxable income." * * *

23 2. In case the entire business of any corporation, other

1 than a corporation engaged in doing business as a regulated
2 investment company as defined by the Internal Revenue Code of
3 1986, is not transacted within this Commonwealth, the tax
4 imposed by this article shall be based upon such portion of the
5 taxable income of such corporation for the fiscal or calendar
6 year, as defined in subclause 1 hereof, and may be determined as
7 follows:

8 * * *

9 (b) Railroad, Truck, Bus [or], Airline or Qualified Air
10 Freight Forwarding Companies.

11 (1) All business income of railroad, truck, bus [or],
12 airline and qualified air freight forwarding companies shall be
13 apportioned to this Commonwealth by multiplying the income by a
14 fraction, the numerator of which is the taxpayer's total revenue
15 miles within this Commonwealth during the tax period and the
16 denominator of which is the total revenue miles of the taxpayer
17 everywhere during the tax period. For purposes of this paragraph
18 revenue mile shall mean the average receipts derived from the
19 transportation by the taxpayer of persons or property one mile.
20 Where revenue miles are derived from the transportation of both
21 persons and property, the revenue mile fractions attributable to
22 each such class of transportation shall be computed separately,
23 and the average of the two fractions, weighted in accordance
24 with the ratio of total receipts from each such class of
25 transportation everywhere to total receipts from both such
26 classes of transportation everywhere, shall be used in
27 apportioning income to this Commonwealth.

28 (2) Nonbusiness income of railroad, truck, bus [or], airline
29 and qualified air freight forwarding companies shall be
30 allocated as provided in paragraphs (5) through (8) of phrase

1 (a) of subclause 2 of the definition of taxable income.

2 (3) As used in this phrase, "qualified air freight
3 forwarding company" shall mean a company that:

4 (A) is engaged in the air freight forwarding business;

5 (B) primarily uses an airline with which it has common
6 ownership and control; and

7 (C) will use the revenue miles of the airline under
8 subparagraph (B).

9 * * *

10 Section 2. The amendment of section 401(3)2(b) of the act
11 shall apply to taxable years beginning after December 31, 2014.

12 Section 3. This act shall take effect immediately.