
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1101 Session of
2019

INTRODUCED BY MIHALEK, TURZAI, KAUFER, KAIL, FRITZ, TOOHL,
NELSON, PUSKARIC, O'NEAL, GILLESPIE, GREINER, ROTHMAN,
BERNSTINE, MOUL, KAUFFMAN, CAUSER, ZIMMERMAN, OWLETT AND
SCHMITT, APRIL 29, 2019

REFERRED TO COMMITTEE ON FINANCE, APRIL 29, 2019

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)4(c) of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended
16 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 * * *

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

2 4. * * *

3 (c) (1) The net loss deduction shall be the lesser of:

4 (A) (I) For taxable years beginning before January 1, 2007,
5 two million dollars (\$2,000,000);

6 (II) For taxable years beginning after December 31, 2006,
7 the greater of twelve and one-half per cent of taxable income as
8 determined under subclause 1 or, if applicable, subclause 2 or
9 three million dollars (\$3,000,000);

10 (III) For taxable years beginning after December 31, 2008,
11 the greater of fifteen per cent of taxable income as determined
12 under subclause 1 or, if applicable, subclause 2 or three
13 million dollars (\$3,000,000);

14 (IV) For taxable years beginning after December 31, 2009,
15 the greater of twenty per cent of taxable income as determined
16 under subclause 1 or, if applicable, subclause 2 or three
17 million dollars (\$3,000,000);

18 (V) For taxable years beginning after December 31, 2013, the
19 greater of twenty-five per cent of taxable income as determined
20 under subclause 1 or, if applicable, subclause 2 or four million
21 dollars (\$4,000,000);

22 (VI) For taxable years beginning after December 31, 2014,
23 the greater of thirty per cent of taxable income as determined
24 under subclause 1 or, if applicable, subclause 2 or five million
25 dollars (\$5,000,000);

26 (VII) For taxable years beginning after December 31, 2017,
27 thirty-five per cent of taxable income as determined under
28 subclause 1 or, if applicable, subclause 2;

29 (VIII) For taxable years beginning after December 31, 2018,
30 forty per cent of taxable income as determined under subclause 1

1 or, if applicable, subclause 2; [or]

2 (IX) For taxable years beginning after December 31, 2019,
3 forty-five per cent of taxable income as determined under
4 subclause 1 or, if applicable, subclause 2;

5 (X) For taxable years beginning after December 31, 2020,
6 fifty per cent of taxable income as determined under subclause 1
7 or, if applicable, subclause 2; or

8 (B) The amount of the net loss or losses which may be
9 carried over to the taxable year or taxable income as determined
10 under subclause 1 or, if applicable, subclause 2.

11 (1.1) In no event shall the net loss deduction include more
12 than five hundred thousand dollars (\$500,000), in the aggregate,
13 of net losses from taxable years 1988 through 1994.

14 (2) (A) A net loss for a taxable year may only be carried
15 over pursuant to the following schedule:

16	Taxable Year	Carryover
17	1981	1 taxable year
18	1982	2 taxable years
19	1983-1987	3 taxable years
20	1988	2 taxable years plus
21		1 taxable year
22		starting with the
23		1995 taxable year
24	1989	1 taxable year plus
25		2 taxable years
26		starting with the
27		1995 taxable year
28	1990-1993	3 taxable years
29		starting with the
30		1995 taxable year

1	1994	1 taxable year
2	1995-1997	10 taxable years
3	1998 and thereafter	20 taxable years

4 (B) The earliest net loss shall be carried over to the
5 earliest taxable year to which it may be carried under this
6 schedule. The total net loss deduction allowed in any taxable
7 year shall not exceed:

8 (I) Two million dollars (\$2,000,000) for taxable years
9 beginning before January 1, 2007.

10 (II) The greater of twelve and one-half per cent of the
11 taxable income as determined under subclause 1 or, if
12 applicable, subclause 2 or three million dollars (\$3,000,000)
13 for taxable years beginning after December 31, 2006.

14 (III) The greater of fifteen per cent of the taxable income
15 as determined under subclause 1 or, if applicable, subclause 2
16 or three million dollars (\$3,000,000) for taxable years
17 beginning after December 31, 2008.

18 (IV) The greater of twenty per cent of the taxable income as
19 determined under subclause 1 or, if applicable, subclause 2 or
20 three million dollars (\$3,000,000) for taxable years beginning
21 after December 31, 2009.

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 (VII) Thirty-five per cent of taxable income as determined

1 under subclause 1 or, if applicable, subclause 2 for taxable
2 years beginning after December 31, 2017.

3 (VIII) Forty per cent of taxable income as determined under
4 subclause 1 or, if applicable, subclause 2 for taxable years
5 beginning after December 31, 2018.

6 (IX) Forty-five per cent of taxable income as determined
7 under subclause 1 or, if applicable, subclause 2 for taxable
8 years beginning after December 31, 2019.

9 (X) Fifty per cent of taxable income as determined under
10 subclause 1 or, if applicable, subclause 2 for taxable years
11 beginning after December 31, 2020.

12 * * *

13 Section 2. This act shall take effect in 60 days.