

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2645 Session of 2022

INTRODUCED BY PEIFER, DUNBAR, MILLARD, PISCIOTTANO AND RYAN,  
JUNE 2, 2022

REFERRED TO COMMITTEE ON FINANCE, JUNE 2, 2022

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 bank and trust company shares tax, further  
11 providing for ascertainment of taxable amount and exclusion  
12 of United States obligations.

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

15 Section 1. Section 701.1 heading, (b), (b.1) and (c) of the  
16 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code  
17 of 1971, are amended to read:

18 Section 701.1. Ascertainment of Taxable Amount; [~~Exclusion~~  
19 ~~of United States Obligations~~] Exclusions, Subtractions and  
20 Deductions.--\* \* \*

21 (b) A deduction for the value of United States obligations  
22 shall be provided from the taxable amount of shares in an amount  
23 equal to the same percentage of total bank equity capital as the

1 book value of obligations of the United States bears to the book  
2 value of the total assets. In computing the deduction for United  
3 States obligations, any goodwill [recorded as a result of the  
4 use of purchase accounting for an acquisition or combination as  
5 described in this section and occurring after June 30, 2001,]  
6 deducted from the taxable amount of shares under subsection  
7 (b.1) shall be subtracted from the book value of total bank  
8 equity capital and disregarded in determining the deduction  
9 provided for obligations of the United States. For purposes of  
10 this article, United States obligations shall be obligations  
11 coming within the scope of 31 U.S.C. § 3124 (relating to  
12 exemption from taxation).

13 (b.1) A deduction for goodwill shall be provided from the  
14 taxable amount of shares in an amount equal to the value of any  
15 goodwill recorded [as a result of the use of purchase accounting  
16 for an acquisition or combination as described in this section  
17 and] in the reports and conditions of the institution in  
18 accordance with generally accepted accounting principles  
19 following an acquisition or business combination occurring after  
20 June 30, 2001.

21 [(c) For purposes of this section:

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

26 (2) if there is a combination of two or more institutions  
27 into one, the book values and deductions for United States  
28 obligations from the Reports of Condition of the constituent  
29 institutions shall be combined. For purposes of this section, a  
30 combination shall include any acquisition required to be

1 accounted for by using the purchase method in accordance with  
2 generally accepted accounting principles or a statutory merger  
3 or consolidation.]

4 Section 2. This act shall apply retroactively to calendar  
5 years beginning after December 31, 2018.

6 Section 3. This act shall take effect immediately.