

No. 1995-54

AN ACT

HB 1488

Amending the act of June 17, 1913 (P.L.507, No.335), entitled "An act to provide revenue for State and county purposes, and, in cities coextensive with counties, for city and county purposes; imposing taxes upon certain classes of personal property; providing for the assessment and collection of the same; providing for the duties and compensation of prothonotaries and recorders in connection therewith; and modifying existing legislation which provided for raising revenue for State purposes," further providing for a variable rate of taxation on the value of personal property.

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

Section 1. Section 1 of the act of June 17, 1913 (P.L.507, No.335), referred to as the Intangible Personal Property Tax Law, amended July 25, 1963 (P.L.294, No.157), is amended to read:

Section 1. Be it enacted, &c., That all personal property of the classes hereinafter enumerated, owned, held or possessed by any resident, which, as used in this section, shall mean any person, persons, copartnership, or unincorporated association or company, resident, located, or liable to taxation within this Commonwealth, or by any joint-stock company or association, limited partnership, bank or corporation whatsoever, formed, erected or incorporated by, under, or in pursuance of any law of this Commonwealth or of the United States, or of any other state or government, and liable to taxation within this Commonwealth, whether such personal property be owned, held, or possessed by such resident in his, her, their, or its own right, or as active trustee, agent, attorney-in-fact, or in any other capacity, or by any resident as trustee, agent or attorney-in-fact, jointly with one or more trustees, agents or attorney-in-fact, domiciled in another state, where such personal property is held and managed in this Commonwealth, except as executor or administrator of the estate of a non-resident decedent, and except as trustee for a resident or non-resident religious, charitable or educational organization, no part of the net earnings of which inures to the benefit of any private stockholder or individual for the use, benefit, or advantage of any other person, copartnership, unincorporated association, company, joint-stock company or association, limited partnership, bank or corporation, and the equitable interest in any such personal property of the classes hereinafter enumerated, owned, held or possessed by any resident, where the legal title to such personal property is vested in a trustee, agent, or attorney-in-fact, domiciled in another state, or where the legal title to such personal property is vested in more than one trustee, agent or attorney-in-fact, one or more of whom are domiciled in another state, and one or more of whom are

domiciled within this Commonwealth, and such personal property is held and managed in another state, and where such resident is entitled to receive all or any part of the income therefrom—is hereby made taxable annually for county purposes, and, in cities coextensive with counties, for city and county purposes, at [the rate of] *a rate not to exceed* four mills of each dollar of the value thereof, and no failure to assess or return the same shall discharge such owner or holder thereof, from liability therefor, that is to say,—

All mortgages; all moneys owing by solvent debtors, whether by promissory note, or penal or single bill, bond, or judgment; all articles of agreement and accounts bearing interest; all public loans whatsoever, except those issued by this Commonwealth or the United States, and except the public loans and obligations of any county, city, borough, town, township, school district, and incorporated district of this Commonwealth, and except the bonds and obligations of bodies corporate and politic of this Commonwealth, known as municipal authorities; all loans issued by any corporation, association, company, or limited partnership, created or formed under the laws of this Commonwealth or of the United States, or of any other state or government, including car-trust securities and loans secured by bonds or any other form of certificate or evidence of indebtedness, whether the interest be included in the principal of the obligation or payable by the terms thereof, except such loans as are made taxable for State purposes by section seventeen of the act, approved the twenty-second day of June, one thousand nine hundred thirty-five (Pamphlet Laws 414), as reenacted and amended; all shares of stock in any bank, corporation, association, company, or limited partnership, created or formed under the laws of this Commonwealth or of the United States, or of any other state or government, except shares of stock in any bank, bank and trust company, national banking association, savings institution, corporation, or limited partnership liable to a tax on its shares or a gross premiums tax, or liable to or relieved from the capital stock or franchise tax for State purposes under the laws of this Commonwealth; and all moneys loaned or invested in other states, territories, the District of Columbia, or foreign countries; all other moneyed capital owing to individual citizens of the State: Provided, That this section shall not apply to bank notes, or notes discounted or negotiated by any bank or banking institution, savings institution, or trust company, nor to loans, shares of stock, or other securities, held by bankers or brokers solely for trading purposes; nor to accounts or debit balances owing by customers of bankers or brokers in the usual courses of business; nor to interest bearing accounts in any bank or banking institution, savings institution, employees' thrift or savings association, whether operated by employes or the employer, or trust company; nor to personal property held in the commercial department and owned in its own right by a banking institution, savings institution, or trust company, in liquidation by a receiver, trustee, or other fiduciary, nor to personal property formerly held by a banking institution in its own right, but assigned by it to one or more trustees for liquidation and payment to the creditors and stockholders of such

banking institutions, it being the intent and purpose of this proviso that no tax be assessed or collected for the years one thousand nine hundred and thirty-five, one thousand nine hundred and thirty-six, one thousand nine hundred and thirty-seven, one thousand nine hundred and thirty-eight, one thousand nine hundred and thirty-nine, one thousand nine hundred and forty, and thereafter upon the personal property enumerated herein, nor shall this act apply to the proceeds of any life insurance policy held in whole or in part by the insurer, nor the principal value of annuities nor to any personal property held in any trust, forming part of a stock, bonus, pension or profit sharing plan of an employer for the exclusive benefit of his employes, or their beneficiaries, which trust under the latest ruling of the Commissioner of Internal Revenue is exempted from Federal income tax, nor to any personal property held under the provisions of a plan established by or for an individual or individuals for retirement purposes if such plan meets the requirements for exemption from Federal income tax of income earned on investments held under its provisions, *nor to any personal property that is held by an employe for retirement purposes under the provisions of a stock purchase plan established by the employer for the exclusive benefit of his or her employes*: And provided further, That the provisions of this act shall not apply to building and loan associations, or to shares of stock issued by building and loan associations, or to savings institutions having no capital stock; and, if at any time, either now or hereafter, any persons, individuals, or bodies corporate have agreed or shall hereafter agree to issue his, their, or its securities, bonds or other evidences of indebtedness, clear of and free from the said [four mills] tax, *whose rate may not exceed four mills*, herein provided for, or any part thereof, or have agreed or shall hereafter agree to pay the same, nothing herein contained shall be so construed as to relieve or exempt him, it, or them from paying the said [four mills] tax, *whose rate may not exceed four mills*, on any of the said such securities, bonds, or other evidences of indebtedness, as may be held, owned by, or owing to the said savings institution having no capital stock: And provided further, That the provisions of this act shall not apply to fire companies, firemen's relief associations, life, casualty or fire insurance corporations having no capital stock, secret and beneficial societies, labor unions and labor union relief associations, and all beneficial organizations paying sick or death benefits, or either or both, from funds received from voluntary contributions or assessments upon members of such associations, societies, or unions: And provided further, That corporations, limited partnerships, and joint-stock associations, liable to tax on their shares or the aforesaid capital stock or franchise tax for State purposes, shall not be required to make any report or pay any further tax, under this section, on the mortgages, bonds, and other securities owned by them in their own right; but corporations, limited partnerships, and joint-stock associations, holding such securities as trustees, executors, administrators, guardians, or in any other manner, except as mere custodian for the real owner, and except as executor or administrator of the

estate of a nonresident decedent, and except as trustee for a resident or nonresident religious, charitable or educational organization, no part of the net earnings of which inures to the benefit of any private stockholder or individual, shall return and pay the tax imposed by this section upon all securities so held by them as in the case of individuals: And provided further, That none of the classes of property made taxable by this section for county purposes, and, in cities coextensive with counties, for city and county purposes, shall be taxed or taxable for any other local purpose, under the laws of this Commonwealth: And provided further, That the provisions of this section shall not apply to personal property, of the class hereinabove enumerated, received or acquired with proceeds of money or property received from any person or persons, copartnership, or unincorporated association or company, nonresident in or not located within this Commonwealth, or from any joint-stock company or association, limited partnership, bank or corporation formed, erected, or incorporated by, under or in pursuance of, any law of the United States, or of any state or government other than this Commonwealth, by any person or persons, copartnership, unincorporated association, company, joint-stock company or association, limited partnership, bank, or corporation as active trustee, agent, attorney-in-fact, or in any other capacity, for the use, benefit, or advantage of any person or persons, copartnership, or unincorporated association or company, nonresident in or not located within this Commonwealth, or for the use, benefit or advantage of any joint-stock company or association, limited partnership, bank or corporation formed, erected, or incorporated by, under, or in pursuance of any law of the United States, or of any state or government other than this Commonwealth; nor shall the provisions of this section apply to personal property held for the use, benefit or advantage of any resident who shall have in each of the ten preceding calendar years given or contributed all of his net income to any corporation organized or operated exclusively for religious, charitable, scientific, literary, or educational purposes.

The value of the equitable interest in any personal property made subject to tax by this section shall be measured by ascertaining the value of the personal property in which such resident has the sole equitable interest, or in case of divided equitable interests in the same personal property, then by ascertaining such part of the value of the whole of such personal property as represents the equitable interest of such resident therein.

For the purposes of this act, the value of any taxable shares of stock issued by any regulated investment company as defined under the provisions of the Federal Internal Revenue Code of 1948, shall be that part of the current value of such shares, to be determined by multiplying said current value by a fraction, the numerator of which shall be the total value of so much of the personal property owned by the regulated investment company as would be taxable by this act if owned by a resident of Pennsylvania and the

denominator of which shall be the total value of all of the personal property owned by the regulated investment company.

Section 2. Section 16.1 of the act is repealed.

Section 3. This act shall apply to the tax year beginning January 1, 1996, and each tax year thereafter.

Section 4. This act shall take effect in 60 days.

APPROVED—The 31st day of October, A.D. 1995.

THOMAS J. RIDGE