

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

SENATE BILL

No. 515 Session of  
2017

---

INTRODUCED BY MENSCH, BARTOLOTTA, GREENLEAF, BROOKS, GORDNER,  
VULAKOVICH, DiSANTO, FOLMER, WAGNER, VOGEL, STEFANO, AUMENT,  
HUTCHINSON, WARD, BOSCOLA AND MARTIN, MARCH 16, 2017

---

REFERRED TO FINANCE, MARCH 16, 2017

---

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 the definition of "taxable income."

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 \* \* \*

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

1 4. \* \* \*

2 (c) (1) The net loss deduction shall be [the lesser of]:

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

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

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

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

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

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

25 (VII) For taxable years beginning after December 31, 2016,  
26 forty-four per cent of taxable income; or

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

30 (1.1) In no event shall the net loss deduction include more

1 than five hundred thousand dollars (\$500,000), in the aggregate,  
2 of net losses from taxable years 1988 through 1994.

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

5	Taxable Year	Carryover
6	1981	1 taxable year
7	1982	2 taxable years
8	1983-1987	3 taxable years
9	1988	2 taxable years plus
10		1 taxable year
11		starting with the
12		1995 taxable year
13	1989	1 taxable year plus
14		2 taxable years
15		starting with the
16		1995 taxable year
17	1990-1993	3 taxable years
18		starting with the
19		1995 taxable year
20	1994	1 taxable year
21	1995-1997	10 taxable years
22	1998 and thereafter	20 taxable years

23 (B) The earliest net loss shall be carried over to the  
24 earliest taxable year to which it may be carried under this  
25 schedule. The total net loss deduction allowed in any taxable  
26 year shall not exceed:

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

29 (II) The greater of twelve and one-half per cent of the  
30 taxable income as determined under subclause 1 or, if

1 applicable, subclause 2 or three million dollars (\$3,000,000)  
2 for taxable years beginning after December 31, 2006.

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

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

11 (V) The greater of twenty-five per cent of taxable income as  
12 determined under subclause 1 or, if applicable, subclause 2 or  
13 four million dollars (\$4,000,000) for taxable years beginning  
14 after December 31, 2013.

15 (VI) The greater of thirty per cent of taxable income as  
16 determined under subclause 1 or, if applicable, subclause 2 or  
17 five million dollars (\$5,000,000) for taxable years beginning  
18 after December 31, 2014.

19 (VII) Forty-four per cent of taxable income as determined  
20 under subclause 1 for taxable years beginning after December 31,  
21 2016.

22 \* \* \*

23 Section 2. The amendment of section 401(3)4(c) of the act  
24 shall apply to taxable years beginning after December 31, 2016.

25 Section 3. This act shall take effect immediately.