

## No. 1989-21

## AN ACT

## HB 285

Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An act relating to tax reform and State taxation by codifying and enumerating certain subjects of taxation and imposing taxes thereon; providing procedures for the payment, collection, administration and enforcement thereof; providing for tax credits in certain cases; conferring powers and imposing duties upon the Department of Revenue, certain employers, fiduciaries, individuals, persons, corporations and other entities; prescribing crimes, offenses and penalties," providing for imposition of the bank shares tax; ascertaining values; requiring reports; imposing an alternative bank share tax; imposing the title insurance and trust companies shares tax; ascertaining values; imposing an alternative title insurance and trust companies shares tax; excluding certain transactions from the realty transfer tax; delaying the reduction of mutual thrift institution tax; and making repeals.

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

Section 1. Sections 701 and 701.1 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended December 1, 1983 (P.L.228, No.66), are amended to read:

Section 701. Imposition of Tax.—Every bank having capital stock, incorporated by or under any law of this Commonwealth or under any law of the United States, and located within this Commonwealth, shall, on or before April 15 in each and every year, make to the Department of Revenue a report in writing, verified as required by law, setting forth the full number of shares of the capital stock subscribed for or issued, as of the preceding January 1, by such bank having capital stock, and the ~~value thereof as of the preceding January 1, which value shall be ascertained as hereinafter provided.~~ *taxable amount of such shares of capital stock determined pursuant to section 701.1.* It shall be the duty of the Department of Revenue to assess such shares for the calendar years beginning January 1, 1971 through January 1, 1983, at the rate of fifteen mills and for the calendar ~~[year] years~~ beginning January 1, 1984 ~~[and each year thereafter], through January 1, 1988,~~ at the rate of one and seventy-five one thousandths per cent *and for the calendar year beginning January 1, 1989, at the rate of 10.77 per cent and for the calendar year beginning January 1, 1990, and each calendar year thereafter at the rate of 1.25 per cent* upon each dollar of ~~[value] taxable amount~~ thereof, the ~~[value] taxable amount~~ of each share of stock to be ascertained and fixed ~~[by adding together the amount of capital stock paid in, the surplus, and undivided profits] pursuant to section 701.1,~~ and dividing this amount by the number of shares. It shall be the duty of every bank having capital stock, at the time of making every report required by this section, to compute the tax and to pay the amount of said tax to the State Treasurer, through the Department of Revenue either from its general fund, or from the

amount of said tax collected from its shareholders: Provided, That for the calendar year beginning January 1, 1971, and each year thereafter, such bank having capital stock, upon the date its report, herein required is made for such calendar year beginning January 1, 1971, and each year thereafter, shall pay to the Department of Revenue not less than eighty per cent of the tax due to the Commonwealth by it for such calendar year, and the remaining tax due shall be paid at the time when the report herein required for the year next succeeding is made: Provided, That in case any bank having capital stock, incorporated under the law of this State or of the United States, shall collect, annually, from the shareholders thereof said tax, according to the provisions of this article, that have been subscribed for or issued, and pay the same into the State Treasury, through the Department of Revenue, the shares, and so much of the capital and profits of such bank having capital stock as shall not be invested in real estate, shall be exempt from local taxation under the laws of this Commonwealth; and such bank having capital stock shall not be required to make any report to the local assessor or county commissioners of its personal property owned by it in its own right for purposes of taxation and shall not be required to pay any tax thereon.

Section 701.1. Ascertainment of [Value] *Taxable Amount*; Exclusion of United States Obligations.—(a) *The taxable amount of shares shall be ascertained and fixed by adding together the value determined under subsection (b) for the current and preceding five years and dividing the resulting sum by six. If a bank has not been in existence for a period of six years, the taxable amount of shares shall be ascertained and fixed by adding together the values determined under subsection (b) for the number of years the bank has been in existence and dividing the resulting sum by such number of years.*

(b) *The value [of shares shall be ascertained and fixed pursuant to section 701] for each year required by subsection (a) shall be determined by adding together the book value of capital stock paid in, the book value of the surplus and the book value of undivided profits with a deduction from the total thereof of an amount equal to the same percentage of such total as the book value of obligations of the United States bears to the book value of the total assets. For purposes of this [section] subsection, book values and deductions for United States obligations for each year shall be determined by the Reports of Condition for each calendar quarter of the preceding calendar year in accordance with the requirements of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation or other applicable regulatory authority; and book values shall be averaged as calculated by averaging book values as determined by such Reports of Condition. For purposes of this article, United States obligations shall be obligations coming within the scope of 31 U.S.C. § 3124. For any year in which a bank does not file four quarterly Reports of Condition, book values and deductions for United States obligations shall be determined by adding together the book values and deductions for United States obligations from each quarterly Reports of Condition filed for such year and dividing the resulting sums by the number of such Reports of Condition. For purposes of this section, a partial year shall be treated as a full year.*

(c) *For purposes of this section:*

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

(2) *the combination of two or more banks into one shall be treated as if the constituent banks had been a single bank in existence prior to as well as after the combination and the book values and deductions for United States obligations from the Reports of Condition of the constituent banks shall be combined. For purposes of the preceding sentence, a combination shall include any acquisition required to be accounted for by the surviving bank under the pooling of interest method in accordance with generally accepted accounting principles or a statutory merger or consolidation.*

Section 2. The act is amended by adding a section to read:

*Section 701.3. Amended Report for 1989.—Within one hundred twenty days of the effective date of this section, every bank subject to tax under section 701 shall make to the Department of Revenue on a form prescribed, prepared and furnished by the Department of Revenue an amended report of the tax payable on its shares computed as of January 1, 1989, and shall pay to the Commonwealth at the time of making such amended report eighty per cent of the tax due, if any, as shown by such amended report less the amount paid, if any, upon filing of an original report for the year 1989 heretofore required to be made and the remaining tax due, if any, shall be paid when the report required by section 701 for the year next succeeding is made. For all purposes under this act, the act of April 9, 1929 (P.L.343, No.176), known as "The Fiscal Code," and other applicable statutes, the date of the amended report and the date for payment of the balance, if any, of the tax payable at the time of making the amended report shall be substituted for the date of the report formerly required for the 1989 report and the date of the payment of the tax payable with such report.*

Section 3. The act is amended by adding an article to read:

**ARTICLE VII-A  
ALTERNATIVE BANK SHARE TAX**

**PART I  
IMPOSITION OF TAX**

*Section 701-A. Imposition of Tax.—(a) Except as modified by subsection (b), every bank having capital stock, incorporated by or under any law of this Commonwealth or under any law of the United States, and located within this Commonwealth, shall, on or before April 15th each and every year, make to the Department of Revenue a report in writing, verified as required by law, setting forth the full number of shares of the capital stock subscribed for or issued, as of the preceding January 1, by such bank having capital stock, and the value thereof as of the preceding January 1, which value shall be ascertained as hereinafter provided. It shall be the duty of the Department of Revenue to assess such shares at the rate specified by subsection (c) upon each dollar of value thereof, the value of each share of stock to*

*be ascertained and fixed by adding together the amount of capital stock paid in, the surplus and undivided profits, and dividing this amount by the number of shares. It shall be the duty of every bank having capital stock, at the time of making every report required by this section, to compute the tax and to pay the amount of said tax to the State Treasurer, through the Department of Revenue either from its general fund, or from the amount of said tax collected from its shareholders: Provided, That such bank having capital stock, upon the date its report herein required is made for each calendar year, shall pay to the Department of Revenue not less than eighty per cent of the tax due to the Commonwealth by it for such calendar year, and the remaining tax due shall be paid at the time when the report herein required for the year next succeeding is made: Provided, That in case any bank having capital stock, incorporated under the laws of this Commonwealth or of the United States, shall collect, annually, from the shareholders thereof said tax, according to the provisions of this article, that have been subscribed for or issued, and pay the same into the State Treasury, through the Department of Revenue, the shares, and so much of the capital and profits of such bank having capital stock as shall not be invested in real estate, shall be exempt from local taxation under the laws of this Commonwealth; and such bank having capital stock shall not be required to make any report to the local assessor or county commissioners of its personal property owned by it in its own right for purposes of taxation and shall not be required to pay any tax thereon.*

*(b) Every bank subject to tax under this article shall, within one hundred twenty days of the date this article becomes effective:*

*(1) Make a report for the calendar year to which this article first applies and pay such tax as may be due in accordance with this section.*

*(2) Make a report for the second calendar year to which this article applies and pay such tax as may be due in accordance with this section.*

*(c) The rate of tax imposed under this article for the first calendar year to which this article applies and the succeeding two calendar years shall be 3.85 per cent. The rate of tax imposed under this article for each calendar year thereafter shall be 1.075 per cent.*

*Section 702-A. Ascertainment of Value; Exclusion of United States Obligations.—The value of shares shall be ascertained and fixed pursuant to section 701-A by adding together the book value of capital stock paid in, the book value of the surplus and the book value of undivided profits with a deduction from the total thereof of an amount equal to the same percentage of such total as the book value of obligations of the United States bears to the book value of the total assets. For purposes of this section, book values and deductions for United States obligations shall be determined by the Reports of Condition for each calendar quarter of the preceding calendar year in accordance with the requirements of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation or other applicable regulatory authority; and book values shall be averaged as calculated by averaging book values as determined by such Reports of Condition. For purposes of this article,*

*United States obligations shall be obligations coming within the scope of 31 U.S.C. § 3124.*

**PART II**  
**PROCEDURE; ENFORCEMENT; PENALTIES**

*Section 711-A. Procedure; Enforcement; Penalties.—Parts III, IV, V, VI and VII of Article IV are incorporated by reference into this article insofar as they are applicable to the tax imposed under this article.*

**PART III**  
**MISCELLANEOUS PROVISIONS**

*Section 721-A. Effective Date.—This article shall not take effect unless a final judgment or decree by a court of competent jurisdiction not subject to further review or appeal determines that the tax presently imposed by Article VII conflicts with any Federal statute, with the Constitution of the United States or the Constitution of Pennsylvania. If this article takes effect, it shall apply retroactively to the calendar year beginning January 1 of the year preceding the year in which the court decision becomes final and to every calendar year thereafter.*

Section 4. Sections 801 and 801.1 of the act, amended December 1, 1983 (P.L.228, No.66), are amended to read:

Section 801. Imposition of Tax.—Every company incorporated under the provisions of section 29 of an act, entitled “An act to provide for the incorporation and regulation of certain corporations,” approved April 29, 1874, and its supplements, or any other act of Assembly heretofore or hereafter approved, for the insurance of owners of real estate, mortgages, and others interested in real estate, from loss by reason of defective titles, liens, and encumbrances, and every company entitled to benefits of, and every company having any of the powers of, companies entitled to the benefits of an act, entitled “An act conferring upon certain fidelity, insurance, safety deposit, trust, and savings companies, the powers and privileges of companies incorporated under the provisions of section 29 of an act, entitled ‘An act to provide for the incorporation and regulation of certain corporations,’ approved April 29, 1874, and of the supplements thereto,” approved June 27, 1895, commonly known as title insurance or trust companies, and every company organized as a bank and trust company or as a trust company under any act of Assembly heretofore or hereafter approved, except any such companies, all of the shares of capital stock of which (other than shares necessary to qualify directors) are owned by a company which is liable to pay to the Commonwealth a tax on shares, shall, on or before April 15 in each and every year, make to the Department of Revenue a report in writing, setting forth the full number of shares of the capital stock subscribed for or issued by such company, and the [value thereof as of January 1 preceding, which shall be ascertained as hereinafter provided.] *taxable amount of such shares of capital stock determined pursuant to section 801.1.* It shall be the duty of the Department of Revenue, to assess such shares for taxation for calendar years beginning January 1, 1971 through January 1, 1983, at the rate of

fifteen mills and for the calendar [year] years beginning January 1, 1984 [and each year thereafter], *through January 1, 1988*, at the rate of one and seventy-five one thousandths per cent *and for the calendar year beginning January 1, 1989, at the rate of 10.77 per cent and for the calendar year beginning January 1, 1990, and each calendar year thereafter at the rate of 1.25 per cent* upon each dollar of the [value] taxable amount thereof, the [value] taxable amount of each share of stock to be ascertained and fixed [by adding together the amount of capital stock paid in, the surplus, the undivided profits and the unearned premium reserve] pursuant to section 801.1, and dividing this amount by the number of shares.

It shall be the duty of every such company, at the time of making every report required by this section, to compute the tax and to pay the amount of said tax to the State Treasurer, through the Department of Revenue, either from its general fund, or from the amount of said tax collected from its shareholders: Provided, That for the calendar year beginning January 1, 1971, and each year thereafter, every such company shall, at the time of making its report for the calendar year beginning January 1, 1971, and each year thereafter, compute the tax and pay to the State Treasurer, through the Department of Revenue, either from its general fund, or from the amount of said tax collected from its shareholders, not less than eighty per cent of the tax due to the Commonwealth by it for such calendar year and the remaining tax due shall be paid at the time when the report herein required for the year next succeeding is made: Provided, That upon the payment of the tax fixed by this act into the State Treasury, through the Department of Revenue, the shares and so much of the capital stock, surplus, profits, and deposits of such company as shall not be invested in real estate, shall be exempt from all other taxation under the laws of this Commonwealth. The procedure, in case the Department of Revenue be not satisfied with the report made by any title insurance or trust company, and the penalties for failing to make such report and pay the tax, shall be as provided by law.

Section 801.1. Ascertainment of [Value] Taxable Amount; Exclusion of United States Obligations.—(a) *The taxable amount of shares shall be ascertained and fixed by adding together the value determined under subsection (b) for the current and preceding five years and dividing the resulting sum by six. If a company has not been in existence for a period of six years, the taxable amount of shares shall be ascertained and fixed by adding together the value determined under subsection (b) for the number of years the company has been in existence and dividing the resulting sum by such number of years.*

(b) *The value [of shares shall be ascertained and fixed pursuant to section 801] for each year required by subsection (a) shall be determined by adding together the book value of capital stock paid in, the book value of the surplus, the book value of undivided profits and the book value of the unearned premium reserve with a deduction from the total thereof of an amount equal to the same percentage of such total as the book value of obligations of the United States bears to the book value of the total assets. For purposes of this [section] subsection, in the case of banks and bank and trust*

companies, book values *and the deduction for United States obligations for each year* shall be determined by the Reports of Condition made in each calendar quarter in the preceding calendar year in accordance with the requirements of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation or other applicable regulatory authority and in the case of title insurance and trust companies which do not file such Reports of Condition, book values *and the deduction for United States obligations for each year* shall be determined by generally accepted accounting principles as of the end of each calendar quarter in the preceding calendar year and book values shall in all cases be averaged as calculated by averaging book values as determined by such Reports of Condition or as determined at the end of each calendar quarter in the case of title insurance and trust companies which do not file such Reports of Condition. For the purposes of this article, United States obligations shall be obligations coming within the scope of 31 U.S.C. § 3124. *For any year in which a bank or bank and trust company does not file four quarterly Reports of Condition, book values and deductions for United States obligations shall be determined by adding together the book values and deductions for United States obligations from each quarterly Reports of Condition filed for such year and dividing the resulting sums by the number of such Reports of Condition. For any year in which a title insurance company or trust company is not in existence for the full year, book values and deductions for United States obligations shall be determined by adding together the book values and deductions for United States obligations as of the end of each calendar quarter in which the company was in existence at the end of such calendar quarter and dividing the resulting sums by the number of such calendar quarters. For purposes of this section, a partial year shall be treated as a full year.*

(c) *For purposes of this section:*

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

(2) *the combination of two or more companies into one shall be treated as if the constituent companies had been a single company in existence prior to as well as after the combination and the book values and deductions for United States obligations from the Reports of Condition or as determined by generally accepted accounting principles as of the end of each calendar quarter of the constituent companies shall be combined. For purposes of the preceding sentence, a combination shall include any acquisition required to be accounted for by the surviving company under the pooling of interest method in accordance with generally accepted accounting principles or a statutory merger or consolidation.*

Section 5. The act is amended by adding a section to read:

*Section 803. Amended Report for 1989.—Within one hundred twenty days of the effective date of this section, every company subject to tax under section 801 shall make to the Department of Revenue on a form prescribed, prepared and furnished by the Department of Revenue an amended report of the tax payable on its shares computed as of January 1, 1989, and shall pay*

*to the Commonwealth at the time of making such amended report eighty per cent of the tax due, if any, as shown by such amended report less the amount paid, if any, upon filing of an original report for the year 1989 heretofore required to be made, and the remaining tax due, if any, shall be paid when the report required by section 701 for the year next succeeding is made. For all purposes under this act, the act of April 9, 1929 (P.L.343, No.176), known as "The Fiscal Code," and other applicable statutes, the date of the amended report and the date for payment of the balance, if any, of the tax payable at the time of making the amended report shall be substituted for the date of the report formerly required for the 1989 report and the date of the payment of the tax payable with such report.*

Section 6. The act is amended by adding an article to read:

**ARTICLE VIII-A  
ALTERNATIVE TITLE INSURANCE AND  
TRUST COMPANIES SHARES TAX**

**PART I  
IMPOSITION OF TAX**

*Section 801-A. Imposition of Tax.—(a) Except as modified by subsection (b), every company incorporated under the provisions of section 29 of the act of April 29, 1874 (P.L.73, No.32), known as the "Corporation Act of 1874," and its supplements, or any other act of Assembly heretofore or hereafter approved, for the insurance of owners of real estate, mortgages, and others interested in real estate, from loss by reason of defective titles, liens and encumbrances, and every company entitled to benefits of, and every company having any of the powers of, companies entitled to the benefits of the act of June 27, 1895 (P.L.399, No.286), entitled "An act conferring upon certain fidelity, insurance, safety deposit, trust and savings companies the powers and privileges of companies incorporated under the provisions of section twenty-nine of an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved April 29, 1874, and of the supplements thereto," approved June 27, 1895, commonly known as title insurance or trust companies, and every company organized as a bank and trust company or as a trust company under any act of Assembly heretofore or hereafter approved, except any such companies, all of the shares of capital stock of which (other than shares necessary to qualify directors) are owned by a company which is liable to pay to the Commonwealth a tax on shares, shall, on or before April 15 in each and every year, make to the Department of Revenue a report in writing setting forth the full number of shares of the capital stock subscribed for or issued by such company, and the value thereof as of January 1 preceding, which shall be ascertained as hereinafter provided. It shall be the duty of the Department of Revenue, to assess such shares for taxation at the rate specified by subsection (c) upon each dollar of the value thereof, the value of each share of stock to be ascertained and fixed by adding together the amount of capital stock paid in, the surplus, the undivided profits and the unearned premium reserve, and dividing this amount by the number of shares.*



*It shall be the duty of every such company, at the time of making every report required by this section, to compute the tax and to pay the amount of said tax to the State Treasurer, through the Department of Revenue, either from its general fund, or from the amount of said tax collected from its shareholders: Provided, That every such company shall, at the time of making its report for each calendar year, compute the tax and pay to the State Treasurer, through the Department of Revenue, either from its general fund, or from the amount of said tax collected from its shareholders, not less than eighty per cent of the tax due shall be paid at the time when the report herein required for the year next succeeding is made: Provided, That upon the payment of the tax fixed by this act into the State Treasury, through the Department of Revenue, the shares and so much of the capital stock, surplus, profits and deposits of such company as shall not be invested in ~~real~~ estate, shall be exempt from all other taxation under the laws of this Commonwealth. The procedure, in case the Department of Revenue be not satisfied with the report made by any title insurance or trust company, and the penalties for failing to make such report and pay the tax, shall be as provided by law.*

*(b) Every company subject to tax under this article shall, within one hundred twenty days of the date this article becomes effective:*

*(1) Make a report for the calendar year to which this article first applies and pay such tax as may be due in accordance with this section.*

*(2) Make a report for the second calendar year to which this article applies and pay such tax as may be due in accordance with this section.*

*(c) The rate of tax imposed under this article for the first calendar year to which this article applies and the succeeding two calendar years shall be 3.85 per cent. The rate of tax imposed under this article for each calendar year thereafter shall be 1.075 per cent.*

*Section 802-A. Ascertainment of Value; Exclusion of United States Obligations.—The value of shares shall be ascertained and fixed pursuant to section 801-A by adding together the book value of capital stock paid in, the book value of the surplus, the book value of undivided profits and the book value of the unearned premium reserve with a deduction from the total thereof of an amount equal to the same percentage of such total as the book value of obligations of the United States bears to the book value of the total assets. For purposes of this section, in the case of banks and bank and trust companies, book values shall be determined by the Reports of Condition made in each calendar quarter in the preceding calendar year in accordance with the requirements of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation or other applicable regulatory authority and in the case of title insurance and trust companies which do not file such Reports of Condition, book values shall be determined by generally accepted accounting principles as of the end of each calendar quarter in the preceding calendar year and book values shall in all cases be averaged as calculated by averaging book values as determined by such Reports of Condition or as determined at the end of each calendar quarter in the case of title insurance and trust compa-*

*nies which do not file such Reports of Condition. For the purposes of this article, United States obligations shall be obligations coming within the scope of 31 U.S.C. § 3124.*

**PART II  
PROCEDURE; ENFORCEMENT; PENALTIES**

*Section 811-A. Procedure; Enforcement; Penalties.—Parts III, IV, V, VI and VII of Article VI are incorporated by reference into this article insofar as they are applicable to the tax imposed under this article.*

**PART III  
MISCELLANEOUS PROVISIONS**

*Section 821-A. Effective Date.—This article shall not take effect unless a final judgment or decree by a court of competent jurisdiction not subject to further review or appeal determines that the tax presently imposed by Article VIII conflicts with any Federal statute or with the Constitution of the United States or the Constitution of Pennsylvania. If this article takes effect, it shall apply retroactively to the calendar year beginning January 1 of the year preceding the year in which the court decision becomes final and to every calendar year thereafter.*

Section 7. Section 1102-C.3(18) of the act, added July 2, 1986 (P.L.318, No.77), is amended to read:

Section 1102-C.3. Excluded Transactions.—The tax imposed by section 1102-C shall not be imposed upon:

\* \* \*

(18) A transfer to a conservancy which possesses a tax-exempt status pursuant to section 501(c)(3) of the Internal Revenue Code of 1954 (68A Stat. 3, 26 U.S.C. § 501(c)(3)) and which has as its primary purpose preservation of land for historic, recreational, scenic, agricultural or open-space opportunities, *or a transfer from such a conservancy to the United States, the Commonwealth or to any of their instrumentalities, agencies or political subdivisions.*

\* \* \*

Section 8. Articles XIII, XIV and XIV-A of the act are repealed.

Section 9. Sections 1502(a) and 1506 of the act, amended or added October 14, 1988 (P.L.737, No.106), are amended to read:

Section 1502. Imposition; Report and Payment of Tax; Exemptions.—

(a) Every institution shall annually, by April 15 of each year beginning in the year 1984, make a report to the Department of Revenue, setting forth the entire amount of taxable net income received or accrued by said institution from all sources during the preceding year, and such other information as the department may require, and upon such taxable net income the said institution shall pay into the State Treasury, through the Department of Revenue, for the use of the Commonwealth, a State excise tax at the rate of eleven and one-half per cent for the calendar years 1983, 1984, 1985 and 1986 and fiscal years beginning in 1983, 1984, 1985 and 1986, at the rate of twenty per cent for calendar years 1987 ~~and 1988~~, 1988, 1989 and 1990 and fiscal years

beginning in 1987 **[and 1988]**, *1988, 1989 and 1990* and at the rate of twelve and one-half per cent for calendar **[years 1989 through]** year 1991 and fiscal years beginning in **[1989 through]** 1991 and at the rate of eleven and one-half per cent for calendar year 1992 and each calendar year thereafter and fiscal years beginning in 1992 and each fiscal year thereafter upon such annual taxable net income, for the privilege of doing business in the Commonwealth. Every institution shall be required to make payment of estimated tax pursuant to the provisions of sections 3003.2, 3003.3 and 3003.4 of Article XXX for taxable years beginning after December 31, 1991. For taxable years beginning before January 1, 1992, every institution shall be required to make payment of tentative tax pursuant to the provisions of Article XXX. The remaining portion of the tax due shall be paid at the time the report prescribed herein is required to be made.

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Section 1506. Measurement of Tax.—(a) The Department of Revenue shall ascertain the total amount of revenue, realized or unrealized, that was lost for all taxable years beginning before January 1, 1987, as a result of the decision of the Supreme Court of Pennsylvania in *First Federal Savings and Loan Association of Philadelphia vs Commonwealth*, 515 Pa. 369 (1987). In ascertaining this amount, the department shall consider any refunds, including interest paid, granted to institutions as well as any reductions in settled or resettled taxes or other reductions which arose or are supported by the First Federal decision. The department shall also ascertain the difference in the revenue produced by the tax imposed by this article for taxable years beginning in 1987 **[and]**, *1988, 1989 and 1990* at the rate of twenty per cent and the revenue which would have been received if the tax rate was set at twelve and one-half per cent for such taxable years. After such information has been compiled and determined, the department shall reduce the rate of the tax imposed by this article for taxable years beginning in 1987 **[and]**, *1988, 1989 and 1990* to the nearest one-tenth of a per cent in order that the revenue resulting from the rate of tax in excess of twelve and one-half per cent equals the foregone tax revenues due to the First Federal decision as ascertained pursuant to this section. If such adjustment is made, the department shall reduce and recalculate the tax of each institution for taxable years beginning in 1987 **[and]**, *1988, 1989 and 1990* and shall notify each institution of its reduced tax liability. Each institution shall then be entitled to apply for a cash refund or credit in the manner provided by law, except that no interest shall accrue on the refund or credit granted pursuant to this subsection.

(b) The department shall also submit to the General Assembly the information required to be ascertained by subsection (a) of this section.

Section 10. Article XVI of the act is repealed.

Section 11. The repeal of Article XIII of the Tax Reform Code of 1971 as formerly in effect shall not affect the right of each taxpayer subject to section 1301 to a refund of the tax heretofore imposed by Article XIII, whether such tax was paid by application of credits for refunds of bank shares taxes previously paid or by waiver of the right to file claims for such refunds, all of which claims for refund of the tax heretofore imposed by Article XIII are ratified and confirmed.

Section 12. The changes in the tax base specified in section 701 and 701.1 of Article VII and sections 801 and 801.1 of Article VIII shall not apply to taxes imposed for calendar year 1988 and previous calendar years.

Section 13. The provisions of sections 1, 2, 3, 4, 5, 6, 8, 9, 10 and 11 of this act shall apply retroactively to years beginning on or after January 1, 1989.

Section 14. This act shall take effect immediately.

APPROVED—The 1st day of July, A. D. 1989.

ROBERT P. CASEY