
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1165 Session of
2023

INTRODUCED BY STEELE, KHAN, VENKAT, T. DAVIS, MADDEN, GREINER,
PROBST, DELLOSO, HILL-EVANS, SCHLOSSBERG, BOROWSKI, KAZEEM,
SANCHEZ, CIRESI, McANDREW, OTTEN, CEPEDA-FREYTIZ, ROZZI,
PISCIOTTANO, SHUSTERMAN, DEASY, GREEN, CONKLIN, HOWARD,
FLEMING, CURRY, BIZZARRO, HADDOCK, DONAHUE, McNEILL AND
CERRATO, MAY 18, 2023

REFERRED TO COMMITTEE ON VETERANS AFFAIRS AND EMERGENCY
PREPAREDNESS, MAY 18, 2023

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," establishing the Active Volunteer First Responder
11 Education Tax Credit Program.

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

14 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as
15 the Tax Reform Code of 1971, is amended by adding an article to
16 read:

17 ARTICLE XVIII-I

18 ACTIVE VOLUNTEER FIRST RESPONDER

19 EDUCATION TAX CREDIT

20 Section 1801-I. Scope of article.

1 This article relates to the Active Volunteer First Responder
2 Tax Credit.

3 Section 1802-I. Definitions.

4 The following words and phrases when used in this article
5 shall have the meanings given to them in this section unless the
6 context clearly indicates otherwise:

7 "Active volunteer first responder." A volunteer for a
8 volunteer fire company or nonprofit emergency medical services
9 agency who is certified under 35 Pa.C.S. § 79A23 (relating to
10 certification).

11 "Approved institution of higher learning." Any of the
12 following:

13 (1) A public college or technical institute that is
14 established and operated in accordance with the act of March
15 10, 1949 (P.L.30, No.14), known as the Public School Code of
16 1949, by a local sponsor that provides a two-year,
17 postsecondary, college-parallel, terminal-general, terminal-
18 technical, out-of-school youth or adult education program or
19 any combination of the programs.

20 (2) An institution that is part of the State System of
21 Higher Education under Article XX-A of the Public School Code
22 of 1949, and all branches and campuses of a State-owned
23 institution.

24 "Approved program of education." A curriculum or course of
25 study pursued at an approved institution of higher learning.

26 "Business firm." An entity authorized to do business in this
27 Commonwealth and subject to taxes imposed under Article III, IV,
28 VI, VII, VIII, IX, XV or XX or a tax imposed under Article XVI
29 of the act of May 17, 1921 (P.L.682, No.284), known as The
30 Insurance Company Law of 1921. The term includes a pass-through

1 entity, including a pass-through entity the purpose of which is
2 making contributions under this article and whose shareholders,
3 partners or members are composed of owners or employees of other
4 business firms.

5 "Contribution." A donation of cash, personal property or
6 services, the value of which is the net cost of the donation to
7 the donor or the pro rata hourly wage, including benefits, of
8 the individual performing the service.

9 "Department." The Department of Community and Economic
10 Development of the Commonwealth.

11 "Eligible organization." An approved institution of higher
12 learning that is determined to be eligible by the department.

13 "Eligible student." An active volunteer first responder who
14 meets the following criteria:

15 (1) Is a resident of this Commonwealth.

16 (2) Has been an active volunteer first responder for a
17 period of at least one year in this Commonwealth.

18 (3) Has enrolled as a student in an approved program of
19 education at an approved institution of higher learning.

20 (4) Provides the approved institution of higher learning
21 with a sworn or official statement by the Office of the State
22 Fire Commissioner or the chief or president of the volunteer
23 emergency medical services agency, attesting that the
24 applicant is a member in good standing of the volunteer
25 emergency medical services agency or volunteer fire company.

26 "Nonprofit emergency medical services agency." An emergency
27 medical services agency, as defined in 35 Pa.C.S. § 8103
28 (relating to definitions), that is chartered as a nonprofit
29 corporation.

30 "Program." The Active Volunteer First Responder Education

1 Tax Credit Program established under section 1803-I(a).

2 "Scholarship." An award under this article to pay tuition
3 and school-related fees to attend an approved institution of
4 higher learning.

5 "School-related fees." A fee charged by an approved
6 institution of higher learning to all students for books,
7 instructional materials, technology equipment and services,
8 uniforms and activities.

9 "Tax credit." The tax credit authorized under this article.

10 "Volunteer fire company." A nonprofit chartered corporation,
11 association or organization, located in this Commonwealth that
12 provides fire protection services and may offer other voluntary
13 emergency services within this Commonwealth.

14 Section 1803-I. Active Volunteer First Responder Education Tax
15 Credit Program.

16 (a) Establishment.--The Active Volunteer First Responder
17 Education Tax Credit Program is established to assist active
18 volunteer first responders with access to higher education by an
19 approved institution of higher learning. The department shall
20 administer the program.

21 (b) Eligible organization application.--In order to qualify
22 for contributions under this article, an eligible organization
23 must submit information to the department to confirm that the
24 eligible organization offers accredited degrees or certificate
25 programs. The information shall be submitted on a form provided
26 by the department.

27 (c) Restriction on use of contributions.--The contributions
28 received by an eligible organization from a business firm
29 claiming a tax credit under this article must be used for
30 scholarships awarded to eligible students.

1 (d) Publication.--The department shall do all of the
2 following:

3 (1) Annually transmit a list of each eligible
4 organization under this section to the Legislative Reference
5 Bureau for publication in the next available issue of the
6 Pennsylvania Bulletin.

7 (2) Post and update the list under paragraph (1) as
8 necessary on the publicly accessible Internet website of the
9 department.

10 Section 1804-I. Business firm.

11 (a) Business firm application.--A business firm may apply to
12 the department for a tax credit for contributions made to an
13 eligible organization that appears on the list under section
14 1803-I(d)(1) on a form provided by the department.

15 (b) Notification.--No later than 60 days after the
16 organization or business firm has submitted the application
17 required under this section, the department shall notify the
18 eligible organization and business firm whether the eligible
19 organization and business firm meet the requirements under this
20 article for the fiscal year.

21 (c) Contributions.--A contribution by a business firm to an
22 eligible organization must be made no later than 60 days
23 following the approval of an application under subsection (b).

24 Section 1805-I. Award of scholarships.

25 (a) Eligible organizations.--An eligible organization shall
26 award an eligible student a scholarship of up to \$5,000 per
27 eligible student to attend an approved institution of higher
28 learning. The award of a scholarship shall be based on
29 enrollment status as follows:

30 (1) A full-time student who is enrolled in at least six

1 credits per semester shall be eligible to receive a
2 scholarship of up to \$5,000.

3 (2) A part-time student who is enrolled in at least
4 three credits per semester shall be eligible to receive a
5 scholarship of up to \$2,500.

6 (b) Requirements.--An eligible student must do all of the
7 following:

8 (1) Apply to the department for a scholarship under the
9 program.

10 (2) Be enrolled as a student at an approved institution
11 of higher learning.

12 (3) Be enrolled as a student in an approved program of
13 education.

14 (4) Obtain signatures on the application attesting to
15 the individual's status as an active volunteer first
16 responder of:

17 (i) the chief or president of the volunteer fire
18 company or volunteer rescue company and another officer
19 of the volunteer fire company or volunteer rescue
20 company; or

21 (ii) the chief or president of the emergency medical
22 services agency and another officer of the emergency
23 medical services agency.

24 (5) Upon completion of an accredited degree or
25 certificate program, maintain active volunteer first
26 responder status for at least five years.

27 (c) Penalty.--If an eligible student does not maintain
28 active volunteer first responder status for five years upon
29 completion of an approved program of education the eligible
30 student must pay back 20% per year pro rata of the awarded

1 scholarship.

2 Section 1806-I. Grant of tax credit.

3 (a) General rule.--In accordance with section 1804-I, the
4 department shall grant a tax credit certificate. The certificate
5 may be used against a tax liability owed to the Department of
6 Revenue by a business firm that provides proof of a contribution
7 to a provider in the taxable year in which the contribution is
8 made. The business firm may apply the credit against any tax due
9 under Article III, IV, VI, VII, VIII, IX or XV, except for any
10 tax withheld by an employer under Article III.

11 (b) Availability of tax credits.--Tax credits under this
12 section shall be made available by the department on a first-
13 come, first-served basis.

14 (c) Limitation.--The tax credit may not exceed 50% of the
15 total amount contributed by a business firm to an eligible
16 organization during the taxable year of the business firm. The
17 tax credit shall not exceed \$2,500 annually per business firm.

18 (d) Additional amount.--

19 (1) A business firm that contributes to a provider in
20 two or more consecutive years shall qualify for a 90% tax
21 credit for the contributions made in the second year and
22 every consecutive year of making a contribution to a
23 provider.

24 (2) Nothing under this subsection may be construed to
25 require a business firm to contribute to the same eligible
26 organization every year in order for the business firm to
27 qualify for a tax credit under this subsection.

28 (e) Pass-through entity.--

29 (1) If a pass-through entity does not intend to use
30 each approved tax credit under this section, the pass-through

1 entity may elect in writing to distribute for no
2 consideration all or a portion of the credit to shareholders,
3 members or partners in proportion to the percentage interest
4 of the shareholder, member or partner in distributions from
5 the pass-through entity. The credits may be used by the
6 shareholders, members or partners in the taxable year in
7 which the contribution is made or in the taxable year
8 immediately following the year in which the contribution is
9 made. The election shall designate the year in which the
10 distributed credits are to be used and shall be made
11 according to procedures established by the Department of
12 Revenue. A pass-through entity that received a distribution
13 from a pass-through entity under this paragraph may make a
14 distribution under this paragraph.

15 (2) A pass-through entity and a shareholder, member or
16 partner of a pass-through entity may not claim the credit
17 under this section for the same contribution.

18 (3) A shareholder, member or partner may not carry
19 forward, carry back, obtain a refund of or sell or assign the
20 credit.

21 (4) An individual shareholder, partner or member may
22 apply a credit distributed under this section to income
23 taxable under Article III to the shareholder, partner or
24 member, to the spouse of the shareholder, partner or member
25 or to both, if both the shareholder, partner or member and
26 the spouse report income on a joint personal income tax
27 return.

28 Section 1807-I. Amount of tax credit.

29 (a) Limitation.--The total aggregate amount of all tax
30 credits approved under this article may not exceed \$10,000,000

1 in a fiscal year.

2 (b) Activities.--A tax credit may not be approved for
3 activities that are part of a business firm's normal course of
4 business.

5 (c) Tax liability.--

6 (1) A tax credit granted for any one taxable year may
7 not exceed the tax liability of a business firm.

8 (2) A tax credit granted to a pass-through entity that
9 elects to distribute the granted tax credit according to
10 section 1806-I(a) for any one taxable year to a shareholder,
11 member or partner may not exceed the tax liability of the
12 shareholder, member or partner.

13 (d) Use.--A tax credit not used in the taxable year the
14 contribution was made may not be carried forward or carried back
15 and is not refundable or transferable.

16 Section 1808-I. Guidelines.

17 The department, in consultation with the Department of
18 Revenue, shall establish guidelines to implement this article
19 within 90 days of the effective date of this section.

20 Section 1809-I. Limitation.

21 A business firm may not apply for a tax credit after the
22 seventh fiscal year following the effective date of this
23 section.

24 Section 2. The addition of Article XVIII-I of the act shall
25 apply to taxable years commencing after December 31, 2023.

26 Section 3. This act shall take effect immediately.