
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1206 Session of
2015

INTRODUCED BY DEAN, MAY 13, 2015

REFERRED TO COMMITTEE ON FINANCE, MAY 13, 2015

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 neighborhood assistance tax credit, further
11 providing for definitions, for tax credit and for grant of
12 tax credit; and making editorial changes.

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

15 Section 1. The definition of "neighborhood organization" in
16 section 1902-A of the act of March 4, 1971 (P.L.6, No.2),
17 known as the Tax Reform Code of 1971, amended May 7, 1997
18 (P.L.85, No.7), is amended to read:

19 Section 1902-A. Definitions.--The following words, terms and
20 phrases, when used in this article, shall have the meanings
21 ascribed to them in this section, except where the context
22 clearly indicates a different meaning:

23 * * *

1 "Neighborhood organization." Any organization performing
2 community services, offering neighborhood assistance or
3 providing job training, veterans' housing assistance, education
4 or crime prevention in an impoverished area, holding a ruling
5 from the Internal Revenue Service of the United States
6 Department of the Treasury that the organization is exempt from
7 income taxation under the provisions of the Internal Revenue
8 Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.) and
9 approved by the Department of Community [Affairs] and Economic
10 Development.

11 * * *

12 Section 2. Section 1904-A of the act, amended July 25, 2007
13 (P.L.373, No.55) and July 2, 2012 (P.L.751, No.85), is amended
14 to read:

15 Section 1904-A. Tax Credit.--(a) Any business firm which
16 engages or contributes to a neighborhood organization which
17 engages in the activities of providing neighborhood assistance,
18 comprehensive service projects, veterans' housing assistance,
19 job training or education for individuals, community services or
20 crime prevention in an impoverished area or private company
21 which makes qualified investment to rehabilitate, expand or
22 improve buildings or land located within portions of
23 impoverished areas which have been designated as enterprise
24 zones shall receive a tax credit as provided in section 1905-A
25 if the secretary annually approves the proposal of such business
26 firm or private company. The proposal shall set forth the
27 program to be conducted, the impoverished area selected, the
28 estimated amount to be invested in the program and the plans for
29 implementing the program.

30 (b) The secretary is hereby authorized to promulgate rules

1 and regulations for the approval or disapproval of such
2 proposals by business firms or private companies. The secretary
3 shall provide a report listing of all applications received and
4 their disposition in each fiscal year to the General Assembly by
5 October 1 of the following fiscal year. The secretary's report
6 shall include all taxpayers utilizing the credit and the amount
7 of credits approved, sold or assigned. Notwithstanding any law
8 providing for the confidentiality of tax records, the
9 information in the report shall be public information, and all
10 report information shall be posted on the secretary's Internet
11 website.

12 (b.1) The secretary shall take into special consideration,
13 when approving applications for neighborhood assistance tax
14 credits, applications which involve:

15 (1) multiple projects in various markets throughout this
16 Commonwealth; and

17 (2) charitable food programs.

18 (b.2) The secretary, in cooperation with the Department of
19 Agriculture, shall promulgate guidelines for the approval or
20 disapproval of applications for tax credits by business firms
21 that contribute food or money to charitable food programs.

22 (b.3) The secretary, in cooperation with the Department of
23 Military and Veterans Affairs, shall promulgate guidelines for
24 the approval or disapproval for tax credits to business firms
25 that contribute to veterans' housing assistance.

26 (c) The total amount of tax credit granted for programs
27 approved under this act shall not exceed [eighteen million
28 dollars (\$18,000,000)] twenty-one million dollars (\$21,000,000)
29 of tax credit in any fiscal year.

30 (d) A taxpayer, upon application to and approval by the

1 Department of Community and Economic Development, may sell or
2 assign, in whole or in part, a neighborhood assistance tax
3 credit granted to the business firm under this article if no
4 claim for allowance of the credit is filed within one year from
5 the date the credit is granted by the Department of Revenue
6 under section 1905-A. The Department of Community and Economic
7 Development and the Department of Revenue shall jointly
8 promulgate guidelines for the approval of applications under
9 this subsection.

10 (e) The purchaser or assignee of a neighborhood assistance
11 tax credit under subsection (d) shall immediately claim the
12 credit in the taxable year in which the purchase or assignment
13 is made. The purchaser or assignee may not carry over, carry
14 back, obtain a refund of or sell or assign the neighborhood
15 assistance tax credit. The purchaser or assignee shall notify
16 the Department of Revenue of the seller or assignor of the
17 neighborhood assistance tax credit in compliance with procedures
18 specified by the Department of Revenue.

19 (f) The neighborhood assistance tax credit approved by the
20 Department of Community and Economic Development shall be
21 applied against the business firm's tax liability for the taxes
22 under section 1905-A for the current taxable year as of the date
23 on which the credit was approved before the neighborhood
24 assistance tax credit may be carried over, sold or assigned.

25 Section 3. Section 1905-A of the act, amended July 25, 2007
26 (P.L.373, No.55), is amended to read:

27 Section 1905-A. Grant of Tax Credit.--The Department of
28 Revenue shall grant a tax credit against any tax due under
29 Article III, IV, VI, VII, VIII, IX or XV of this act, or any tax
30 substituted in lieu thereof in an amount which shall not exceed

1 fifty-five per cent of the total amount contributed during the
2 taxable year by a business firm or twenty-five per cent of
3 qualified investments by a private company in programs approved
4 pursuant to section 1904-A of this act: Provided, That a tax
5 credit of up to seventy-five per cent of the total amount
6 contributed during the taxable year by a business firm or up to
7 thirty-five per cent of the amount of qualified investments by a
8 private company may be allowed for investment in programs where
9 activities fall within the scope of special program priorities
10 as defined with the approval of the Governor in regulations
11 promulgated by the secretary, and Provided further, That a tax
12 credit of up to seventy-five per cent of the total amount
13 contributed during the taxable year by a business firm in
14 comprehensive service projects with five-year commitments and up
15 to eighty per cent of the total amount contributed during the
16 taxable year by a business firm in comprehensive service
17 projects with six-year or longer commitments shall be
18 granted[.], and Provided further, That a tax credit of up to
19 ninety per cent of the total amount contributed during the
20 taxable year by a business firm in veterans' housing assistance
21 approved under section 1904-A(b.3) shall be granted. Such credit
22 shall not exceed five hundred thousand dollars (\$500,000)
23 annually for contributions or investments to fewer than four
24 projects or one million two hundred fifty thousand dollars
25 (\$1,250,000) annually for contributions or investments to four
26 or more projects. No tax credit shall be granted to any bank,
27 bank and trust company, insurance company, trust company,
28 national bank, savings association, mutual savings bank or
29 building and loan association for activities that are a part of
30 its normal course of business. Any tax credit not used in the

1 period the contribution or investment was made may be carried
2 over for the next five succeeding calendar or fiscal years until
3 the full credit has been allowed. A business firm shall not be
4 entitled to carry back or obtain a refund of an unused tax
5 credit. The total amount of all tax credits allowed pursuant to
6 this act shall not exceed [eighteen million dollars
7 (\$18,000,000)] twenty-one million dollars (\$21,000,000) in any
8 one fiscal year. Of that amount, two million dollars
9 (\$2,000,000) shall be allocated exclusively for pass-through
10 entities, and three million dollars (\$3,000,000) shall be
11 allocated exclusively to business firms that contribute to
12 veterans' housing assistance approved under section 1904-A(b.3).
13 However, if the total amounts allocated to either the group of
14 applicants, exclusive of pass-through entities, or the group of
15 pass-through entity applicants is not approved in any fiscal
16 year, the unused portion shall become available for use by the
17 other group of qualifying taxpayers.

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