
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 137 Session of
2015

INTRODUCED BY MURT, V. BROWN, BROWNLEE, CALTAGIRONE, COHEN,
DEASY, GABLER, GILLEN, HARHART, HARKINS, A. HARRIS, JAMES,
KAVULICH, KINSEY, MILLARD, O'BRIEN, C. PARKER, READSHAW,
SANTARSIERO, SCHLOSSBERG, SCHWEYER, STEPHENS, WATSON AND
YOUNGBLOOD, JANUARY 21, 2015

REFERRED TO COMMITTEE ON COMMERCE, JANUARY 21, 2015

AN ACT

1 Amending Title 12 (Commerce and Trade) of the Pennsylvania
2 Consolidated Statutes, providing for the Returning Heroes
3 Supplemental Tax Credit Program.

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

6 Section 1. Title 12 of the Pennsylvania Consolidated
7 Statutes is amended by adding a chapter to read:

8 CHAPTER 44

9 RETURNING HEROES SUPPLEMENTAL TAX CREDIT PROGRAM

10 Sec.

11 4401. Scope of chapter.

12 4402. Definitions.

13 4403. Establishment.

14 4404. Application.

15 4405. Carryover, carryback, refund and assignment.

16 4406. Limitation on credits.

17 4407. Shareholder, owner or member of pass-through entity.

1 4408. Reports.

2 4409. Regulations.

3 4410. Applicability.

4 § 4401. Scope of chapter.

5 This chapter relates to the Returning Heroes Supplemental Tax
6 Credit Program.

7 § 4402. Definitions.

8 The following words and phrases when used in this chapter
9 shall have the meanings given to them in this section unless the
10 context clearly indicates otherwise:

11 "Department." The Department of Revenue of the Commonwealth.

12 "Federal Returning Heroes Tax Credit." A tax credit
13 established under section 261 of the VOW to Hire Heroes Act of
14 2011 (Public Law 112-56, 125 Stat. 711).

15 "Pass-through entity." A partnership as defined in section
16 301(n.0) of the act of March 4, 1971 (P.L.6, No.2), known as the
17 Tax Reform Code of 1971, or a Pennsylvania S corporation as
18 defined in section 301(n.1) of the Tax Reform Code of 1971.

19 "Qualified tax liability." The liability for taxes imposed
20 under Article III, IV or VI of the act of March 4, 1971 (P.L.6,
21 No.2), known as the Tax Reform Code of 1971. The term shall not
22 include any tax withheld by an employer from an employee under
23 Article III of the Tax Reform Code of 1971.

24 "Secretary." The Secretary of Revenue of the Commonwealth.

25 "Supplemental tax credit." The Returning Heroes Supplemental
26 Tax Credit established under this chapter.

27 "Tax Reform Code." The act of March 4, 1971 (P.L.6, No.2),
28 known as the Tax Reform Code of 1971.

29 "Taxpayer." An entity subject to tax under Article III, IV
30 or VI of the act of March 4, 1971 (P.L.6, No.2), known as the

1 Tax Reform Code of 1971. The term shall include the shareholder
2 of a Pennsylvania S corporation that receives a Returning Heroes
3 Supplemental Tax Credit.

4 § 4403. Establishment.

5 There is established a tax credit program to be known as the
6 Returning Heroes Supplemental Tax Credit Program. The program
7 shall provide supplemental tax credits to taxpayers who receive
8 a Federal Returning Heroes Tax Credit and meet the program
9 requirements.

10 § 4404. Application.

11 (a) General rule.--By September 15, 2016, a taxpayer must
12 submit an application and proof to the department of all Federal
13 Returning Heroes Tax Credits that were awarded to the taxpayer
14 during tax years 2014 and 2015. By September 15 of each
15 subsequent year, a taxpayer must submit an application and proof
16 to the department of all Federal Returning Heroes Tax Credits
17 that were awarded to the taxpayer in the prior taxable year.

18 (b) Amount.--A taxpayer who receives a Federal Returning
19 Heroes Tax Credit shall be eligible to receive from the
20 department a supplemental tax credit of \$2,000.

21 (c) Notification.--By December 15 of the calendar year
22 following the close of the taxable year during which a Federal
23 Returning Heroes Tax Credit was awarded to the taxpayer, the
24 department shall notify the taxpayer if its supplemental tax
25 credit application was approved or denied. If the application is
26 denied, the department shall state the reasons for the denial,
27 including a description of deficiencies in the application.

28 § 4405. Carryover, carryback, refund and assignment.

29 (a) Carryover.--If the taxpayer cannot use the entire amount
30 of the supplemental tax credit for the taxable year in which the

1 supplemental tax credit is first approved, then the excess may
2 be carried over to the succeeding taxable years and used as a
3 credit against the qualified tax liability of the taxpayer for
4 those taxable years. Each time that the supplemental tax credit
5 is carried over to a succeeding taxable year, it is to be
6 reduced by the amount that was used as a credit during the
7 immediately preceding taxable year. The supplemental tax credit
8 may be carried over and applied to succeeding taxable years for
9 no more than 15 taxable years following the first taxable year
10 for which the taxpayer was entitled to claim the credit.

11 (b) Application.--A supplemental tax credit approved by the
12 department shall be applied against the taxpayer's qualified tax
13 liability for the current taxable year as of the date on which
14 the credit was approved before the tax credit is applied against
15 any tax liability under subsection (a).

16 (c) Unused credit.--A taxpayer is not entitled to assign,
17 carry back or obtain a refund of an unused supplemental tax
18 credit.

19 § 4406. Limitation on credits.

20 (a) Total amount.--The total amount of supplemental tax
21 credits approved by the department shall not exceed \$20,000,000
22 in any fiscal year.

23 (b) Allocation.--Tax credits shall be allocated by the
24 department on a first-come, first-served basis.

25 § 4407. Shareholder, owner or member of pass-through entity.

26 (a) Shareholder.--If a Pennsylvania S corporation does not
27 have an eligible tax liability against which the supplemental
28 tax credit may be applied, a shareholder of the Pennsylvania S
29 corporation is entitled to a supplemental tax credit equal to
30 the tax credit determined for the Pennsylvania S corporation for

1 the taxable year multiplied by the percentage of the
2 Pennsylvania S corporation's distributive income to which the
3 shareholder is entitled.

4 (b) Pass-through entity.--If a pass-through entity other
5 than a Pennsylvania S corporation does not have an eligible tax
6 liability against which the supplemental tax credit may be
7 applied, an owner or member of the pass-through entity is
8 entitled to a supplemental tax credit equal to the tax credit
9 determined for the pass-through entity for the taxable year
10 multiplied by the percentage of the pass-through entity's
11 distributive income to which the owner or member is entitled.

12 (c) Additional credit.--The supplemental tax credit provided
13 under subsection (a) or (b) shall be in addition to any other
14 tax credit to which a shareholder, owner or member of a pass-
15 through entity is entitled under this chapter, except that a
16 pass-through entity and a shareholder, owner or member of a
17 pass-through entity may not claim a supplemental tax credit
18 under this chapter for the same expense.

19 § 4408. Reports.

20 The secretary shall submit an annual report to the General
21 Assembly indicating the use and effectiveness of the
22 supplemental tax credits no later than March 15 following the
23 year in which the credits were approved. The report shall
24 include the names of all businesses utilizing the supplemental
25 tax credits as of the date of the report and the amount of
26 credits approved and utilized by each taxpayer. Notwithstanding
27 any law providing for the confidentiality of tax records, the
28 information contained in the report shall be public information.
29 The report may also include any recommendations for changes in
30 the calculation or administration of the credit.

1 § 4409. Regulations.

2 The secretary shall promulgate regulations necessary for the
3 implementation and administration of this chapter.

4 § 4410. Applicability.

5 This chapter shall apply to taxpayers receiving Federal
6 Returning Heroes Tax Credits during tax years beginning after
7 December 31, 2014.

8 Section 2. This act shall take effect immediately.