

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2188 Session of 2014

INTRODUCED BY CUTLER, DeLISSIO, MILLARD, V. BROWN, AUMENT, HELM, McGEEHAN, FEE, CALTAGIRONE, KORTZ, THOMAS, BRIGGS, KILLION, DiGIROLAMO, COHEN, MILNE, GINGRICH, GROVE, WATSON, MURT, DAVIDSON, SANTARSIERO, BRADFORD AND DONATUCCI, APRIL 17, 2014

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JUNE 23, 2014

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 community-based services tax credit, further
11 providing for definitions and for amount of tax credits; AND <--
12 PROVIDING FOR TAX CREDIT HIATUS.

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

15 Section 1. Sections 1702-I and 1706-I of the act of March 4,
16 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, added
17 July 2, 2012 (P.L.751, No.85), are amended to read:

18 Section 1702-I. Definitions.

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

1 "Business firm." An entity, including a pass-through entity,
2 authorized to do business in this Commonwealth and subject to
3 taxes imposed under Article III, IV, VI, VII, VIII, IX or XV.

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

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

10 "Individual." An individual who is eligible for community-
11 based services funded through the Office of Developmental
12 Programs and the Office of Mental Health and Substance Abuse
13 Services of the Department of Public Welfare.

14 "Provider." A nonprofit entity that meets all of the
15 following:

16 (1) Provides community-based services to individuals
17 with intellectual disabilities or mental illness.

18 (2) Is exempt from Federal taxation under section 501(c)

19 (3) of the Internal Revenue Code of 1986 (Public Law 99-514,
20 26 U.S.C. § 1 et seq.).

21 Section 1706-I. Amount of tax credits.

22 (a) General rule.--The total aggregate amount of all tax
23 credits approved shall not exceed \$3,000,000 in a fiscal year.

24 (b) Activities.--No tax credit shall be approved for
25 activities that are part of a business firm's normal course of
26 business.

27 (c) Tax liability.--A tax credit granted for any one taxable
28 year may not exceed the tax liability of a business firm.

29 (d) Use.--A tax credit not used in the taxable year the
30 contribution was made may not be carried forward or carried back

1 and is not refundable or transferable.

2 (e) Pass-through entity.--

3 (1) If a pass-through entity has any unused tax credit
4 under section 1705-I, it may elect in writing, according to
5 procedures established by the Department of Revenue, to
6 transfer all or a portion of the credit to a shareholder,
7 member or partner in proportion to the share of the entity's
8 distributive income to which the shareholder, member or
9 partner is entitled.

10 (2) A pass-through entity and a shareholder, member or
11 partner of a pass-through entity may not claim the credit
12 under paragraph (1) for the same contribution.

13 (3) A shareholder, member or partner of a pass-through
14 entity to whom a credit is transferred under paragraph (1)
15 shall immediately claim the credit in the taxable year in
16 which the transfer is made. The shareholder, member or
17 partner may not carry forward, carry back, obtain a refund of
18 or sell or assign the credit.

19 SECTION 2. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ: <--

20 ARTICLE XXIX-G

21 TAX CREDIT HIATUS

22 SECTION 2901-G. HIATUS.

23 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, FOR FISCAL YEAR
24 2014-2015 AND 2015-2016, A TAXPAYER IS NOT ENTITLED TO A TAX
25 CREDIT UNDER ANY OF THE FOLLOWING PROVISIONS:

26 (1) SECTION 902.1.

27 (2) ARTICLE XVII-B.

28 (3) ARTICLE XVII-E.

29 (4) ARTICLE XVII-H.

30 (5) ARTICLE XVII-I.

1 (6) ARTICLE XVIII-B.

2 (7) ARTICLE XVIII-E.

3 (8) ARTICLE XVIII-F.

4 (9) ARTICLE XIX-A.

5 (10) ARTICLE XIX-C.

6 (11) 12 PA.C.S. § 3706 (RELATING TO KEYSTONE INNOVATION
7 ZONE TAX CREDITS).

8 (12) SECTION 517, 518 OR 519 OF THE ACT OF OCTOBER 6,
9 1998 (P.L.705, NO.92), KNOWN AS THE KEYSTONE OPPORTUNITY
10 ZONE, KEYSTONE OPPORTUNITY EXPANSION ZONE AND KEYSTONE
11 OPPORTUNITY IMPROVEMENT ZONE ACT.

12 (13) THE ACT OF OCTOBER 25, 2012 (P.L.1664, NO.206),
13 KNOWN AS THE PROMOTING EMPLOYMENT ACROSS PENNSYLVANIA ACT.

14 Section 2 3. This act shall take effect immediately.

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