
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1077 Session of
2020

INTRODUCED BY COLLETT, BROWNE, FONTANA, FARNESE, SANTARSIERO,
HUGHES, TARTAGLIONE, COSTA AND MUTH, MARCH 9, 2020

REFERRED TO FINANCE, MARCH 9, 2020

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," providing for public works impacted business tax
11 credit.

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 PUBLIC WORKS IMPACTED

19 BUSINESS TAX CREDIT

20 Section 1801-I. Scope of article.

21 This article relates to tax credits to owners of businesses
22 which experience a loss in personal income or corporate net

1 income or gross receipts in a given tax year directly
2 attributable to obstructions to the business by a public works
3 project.

4 Section 1802-I. Definitions.

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

8 "Department." The Department of Revenue of the Commonwealth
9 of Pennsylvania.

10 "Lost corporate net income." The reduction between the net
11 income of a public works impacted business at the location where
12 and in the tax year in which the business obstruction occurred
13 and the average net income of the business in the two preceding
14 tax years.

15 "Lost gross receipts." The reduction between the gross
16 receipts of a public works impacted business at the location
17 where and in the tax year in which the business obstruction
18 occurred and the average gross receipts of the distressed
19 business in the two preceding tax years.

20 "Public works impacted business." A business that meets the
21 eligibility criteria under section 1803-I.

22 "Public works project." A publicly funded construction
23 project undertaken by the United States, the Commonwealth of
24 Pennsylvania, a political subdivision of the Commonwealth of
25 Pennsylvania, an authority or other governmental or quasi-
26 governmental agency for the benefit or use of the general
27 public. Public works may not include privately owned utilities.

28 "Qualified taxpayer." A public works impacted business that
29 is required to remit taxes to the Commonwealth under Articles
30 II, IV or XI, which meets the criteria in section 1803-I.

1 "Tax credit." The public works impacted business tax credit.
2 Section 1803-I. Claim of tax credit.
3 (a) General rule.--A qualified taxpayer may claim a tax
4 credit against the qualified tax liability of the qualified
5 taxpayer if the qualified taxpayer meets all of the following
6 eligibility criteria:
7 (1) The public works impacted business must be within
8 2,000 feet of the site of a public works project.
9 (2) For at least 30 days, the public works project must
10 substantially obstruct customer access to the place of
11 business of the public works impacted business, otherwise
12 deter business or substantially obscure the place of business
13 to the extent that the existence of the place of business or
14 the fact that the business is open may not be ascertained
15 from the street.
16 (3) One of the following:
17 (i) A public works impacted business must suffer
18 loss of net income in an amount that is at least 10% of
19 the business's total net income in the tax year in which
20 the business obstruction occurred.
21 (ii) A public works impacted business must suffer
22 loss of gross receipts in an amount that is at least 10%
23 of the business's total receipts in the tax year in which
24 the business obstruction occurred.
25 (b) Maximum amount.--Subject to subsection (c), the
26 department may award a qualified taxpayer a tax credit not to
27 exceed 20% of the amount of the public works impacted business's
28 lost net income and lost gross receipts amount.
29 (c) Limitation.--The department may not award more than
30 \$20,000 to a qualified taxpayer.

1 Section 1804-I. Application and approval of tax credit.

2 (a) Application.--An application by a qualified taxpayer for
3 a tax credit shall be in the form and manner as the department
4 specifies and shall include documentation that the business
5 meets all the eligibility criteria under section 1803-I(a). The
6 documentation shall include a letter from the political
7 subdivision in which the public works project has occurred
8 attesting to the existence of the public works project and any
9 of the following:

10 (1) photographs clearly depicting the business
11 obstruction under section 1803-I(a)(2);

12 (2) evidence documenting the proximity of the business
13 to a public works project under section 1803-I(a)(1);

14 (3) lost net income under section 1803-I(a)(3)(i);

15 (4) lost gross receipts under section 1803-I(a)(3)(ii)
16 for the duration of the public works project; and

17 (5) other proof as the department may require.

18 (b) Review and approval.--No later than March 20, 2021, and
19 each year thereafter, the department shall review and approve or
20 disapprove the applications for a tax credit.

21 (c) Applicable taxes.--A qualified taxpayer may apply the
22 tax credit to 100% of the qualified taxpayer's tax liability.

23 (d) Availability.--A tax credit shall be made available by
24 the department on a first-come, first-served basis.

25 (e) Transfers.--By July 1, 2020, and each July 1 thereafter,
26 the sum of \$5,000,000 shall be transferred from the General Fund
27 to the department for tax credits under this article.

28 Section 2. This act shall apply to losses sustained on or
29 after the effective date of this act.

30 Section 3. This act shall take effect in 60 days.