

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 784 Session of 2015

INTRODUCED BY BARBIN, SAINATO, BARRAR, SIMS, KINSEY, SCHWEYER, ENGLISH, BROWNLEE, YOUNGBLOOD, SCHREIBER, BURNS, V. BROWN, FARINA, D. COSTA, STEPHENS, DAVIS, BAKER, DeLUCA, PASHINSKI, DRISCOLL, READSHAW, ROZZI, GOODMAN, HARHAI, McNEILL, A. HARRIS, DEASY, BOBACK, COHEN, FRANKEL, MAHONEY, GILLEN, MURT, SAMUELSON, SAYLOR, DONATUCCI, GIBBONS AND SABATINA, MARCH 13, 2015

AS REPORTED FROM COMMITTEE ON VETERANS AFFAIRS AND EMERGENCY PREPAREDNESS, HOUSE OF REPRESENTATIVES, AS AMENDED, JUNE 17, 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," providing for the Vets First tax credit to honor
11 veterans for their service to our country and provide
12 incentives for their employment.

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

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

ARTICLE XVIII-G

THE VETS FIRST TAX CREDIT

1 Section 1801-G. Definitions.

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

5 "Department." The Department of Community and Economic  
6 Development of the Commonwealth.

7 "Eligible job." A full-time job in this Commonwealth, the  
8 annual wage, excluding benefits, for which is at least equal to  
9 the average annual wage in the county where the job is located  
10 as posted on the Department of Labor and Industry's publicly  
11 accessible Internet website. The term does not include a  
12 temporary or seasonal job.

13 "Qualified tax liability." The liability for taxes imposed  
14 under Article III, IV, VI, VII, VIII, IX or XV. The term shall  
15 not include liability for any tax withheld or required to be  
16 withheld by a taxpayer from an employee under Article III.

17 "Small business." A for-profit corporation, limited  
18 liability company, partnership or proprietorship operating in  
19 this Commonwealth with fewer than 100 employees at the time the  
20 taxpayer applies for a Vets First tax credit under this article.

21 ~~"Start date." The effective date of this article.~~ <--

22 "Taxpayer." An individual or small business subject to a tax  
23 imposed under Article III, IV, VI, VII, VIII, IX or XV. The term  
24 shall not include an individual or small business that is  
25 delinquent, at the time the credit is awarded, in the payment of  
26 any taxes or any other amounts to the Federal Government, the  
27 Commonwealth or any political subdivision.

28 ~~"Veteran." An individual who meets all of the following:~~ <--

29 ~~(1) Served in the active United States military,~~  
30 ~~including service in a reserve component or National Guard.~~

1 ~~(2) Was released or discharged from active military~~  
2 ~~service under conditions other than dishonorable, after~~  
3 ~~September 30, 2001.~~

4 ~~(3) Has not worked for at least six months prior to~~  
5 ~~being hired by a taxpayer in an eligible job or in a job in~~  
6 ~~another state that is substantially similar to an eligible~~  
7 ~~job. SERVED IN THE UNITED STATES ARMED FORCES, INCLUDING A~~ <--

8 ~~RESERVE COMPONENT OR NATIONAL GUARD, AND WHO WAS RELEASED OR~~  
9 ~~DISCHARGED FROM SUCH SERVICE UNDER CONDITIONS OTHER THAN~~  
10 ~~DISHONORABLE.~~

11 "Vets First tax credits." Tax credits for hiring veterans  
12 authorized under this article.

13 "Year one." A one-year period immediately following the  
14 start date.

15 "Year two." A one-year period immediately following the end  
16 of year one.

17 "Year three." A one-year period immediately following the  
18 end of year two.

19 "Year four." A one-year period immediately following the end  
20 of year three.

21 Section 1802-G. Vets First tax credits.

22 (a) Criteria.--A taxpayer that employs a veteran in an  
23 eligible job shall qualify for a Vets First tax credit against  
24 the taxpayer's qualified tax liability as provided in this  
25 article. In order to be eligible for a Vets First tax credit,  
26 the taxpayer shall certify and agree to the following:

27 (1) The veteran was hired for a new position in the  
28 taxpayer's small business or was hired to fill the position  
29 of another employee who voluntarily separated from employment  
30 with the taxpayer.

1       (2) The taxpayer shall continue the operation of its  
2 small business for at least five years following the taxable  
3 year for which the taxpayer first claims a Vets First tax  
4 credit awarded under this article.

5       (b) Amount.--

6       (1) The Vets First tax credit shall be equal to \$1,000  
7 for each veteran hired from and after the start date and <--  
8 shall be available annually through the end of year three so  
9 long as the veteran has been continuously employed in the  
10 BEGINNING ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION AND <--  
11 SHALL BE AVAILABLE ANNUALLY THROUGH THE END OF YEAR THREE.

12 THE VETERAN MUST BE CONTINUOUSLY EMPLOYED IN THE eligible job  
13 from the date hired until the end of year three. The Vets  
14 First tax credit shall be available through the end of year  
15 four for each veteran who has been continuously employed in  
16 the eligible job from the date hired until the end of year  
17 four if the veteran resides in this Commonwealth and has <--  
18 resided in this Commonwealth since the date the veteran was  
19 released or discharged from active military service under  
20 conditions other than dishonorable.. FOR THE PURPOSES OF THIS <--  
21 SECTION, A VETERAN MUST RESIDE IN THIS COMMONWEALTH SINCE THE  
22 DATE THE VETERAN WAS RELEASED OR DISCHARGED FROM THE UNITED  
23 STATES ARMED FORCES.

24       (2) The provisions of this subsection shall be subject  
25 to the limitations in section 1804-G.

26       (c) Eligibility for other tax credits.--A taxpayer that  
27 claims tax credits under any other Federal or State law shall be  
28 eligible for a Vets First tax credit so long as the taxpayer  
29 also meets the applicable requirements of this article.  
30 Section 1803-G. Application and award.

1 (a) Annual application required.--A taxpayer wishing to  
2 claim a Vets First tax credit shall apply to the department on a  
3 form required by the department. An application shall be  
4 submitted for each tax year that the taxpayer desires to claim  
5 the Vets First tax credit and shall contain information as the  
6 department deems necessary for the department to determine that  
7 the taxpayer qualifies for the Vets First tax credit or credits  
8 for which the taxpayer is applying. The department shall review <--  
9 and approve or disapprove applications in the order in which  
10 they are received.

11 (b) Award.--Upon determining that the taxpayer qualifies for  
12 one or more Vets First tax credits, the department shall award  
13 the credits and issue a Vets First tax credit certificate to the  
14 taxpayer.

15 Section 1804-G. Limitations.

16 (a) Use by taxpayer.--A taxpayer may not carry over, carry  
17 back or obtain a refund of any portion of a Vets First tax  
18 credit.

19 (b) Aggregate amount of awards.--No more than \$12,500,000 in  
20 Vets First tax credits shall be awarded in any fiscal year.

21 (c) Length of program.--A taxpayer shall not be eligible to  
22 apply for Vets First tax credits after the fourth taxable year  
23 following the effective date of this section.

24 Section 1805-G. Sale or assignment.

25 (a) Sale or assignment.--A taxpayer, upon application to and  
26 approval by the department, may sell or assign, in whole or in  
27 part, a Vets First tax credit granted to the taxpayer under this  
28 article. The department shall establish guidelines for the  
29 approval OR DISAPPROVAL of applications under this subsection. <--

30 (b) Claim and use.--The purchaser or assignee of a portion

1 of a Vets First tax credit under subsection (a) shall  
2 immediately claim the credit in the taxable year in which the  
3 purchase or assignment is made. The amount of the Vets First  
4 credit that a purchaser or assignee may use against any one  
5 qualified tax liability may not exceed 75% of such qualified tax  
6 liability for the taxable year. The purchaser or assignee may  
7 not carry over, carry back, obtain a refund of or assign the  
8 Vets First tax credit. The purchaser or assignee shall notify  
9 the department of the seller or assignor of the Vets First tax  
10 credit in compliance with procedures specified by the  
11 department.

12 Section 1806-G. Repayment and penalty.

13 (a) Repayment.--A taxpayer who has claimed one or more Vets  
14 First tax credits and fails to meet any of the criteria required  
15 under section 1802-G, or a taxpayer who has received a Vets  
16 First tax credit in error shall repay to the Commonwealth the  
17 amount of all Vets First tax credits claimed.

18 (b) Penalty.--If it is determined that the failure or error  
19 referred to in subsection (a) occurred as a result of fraud  
20 perpetrated by the taxpayer, the taxpayer, in addition to being  
21 required to repay the amount of all Vets First tax credits  
22 claimed, shall be subject to other appropriate penalties and  
23 remedies as may be provided in FOR UNDER this act or in other <--  
24 applicable law.

25 Section 1807-G. Report.

26 The department shall submit an annual report to the Governor,  
27 the Majority Leader of the Senate, the Minority Leader of the  
28 Senate, the Majority Leader of the House of Representatives and  
29 the Minority Leader of the House of Representatives on March 1  
30 of each year following the effective date of this section. The

1 report shall include the following information:

2 (1) A description of the Vets First tax credit  
3 certificates issued by the department during the preceding  
4 period, including the amount of the Vets First tax credits  
5 awarded to each taxpayer and the taxpayer's name and address.

6 (2) The number of veterans who are residents of this  
7 Commonwealth and who were hired by each taxpayer to whom a  
8 Vets First tax credit certificate has been issued.

9 Section 1808-G. Notice to public.

10 The department shall, not later than 60 days following the  
11 effective date of this section, publish notice of the following  
12 on its publicly accessible Internet website:

13 (1) Availability of the Vets First tax credits.

14 (2) Guidelines AS PROVIDED FOR UNDER THIS ARTICLE AND <--  
15 for the awarding of Vets First tax credits.

16 (3) A downloadable copy of the application form.

17 SECTION 1809-G. APPLICABILITY. <--

18 THIS ARTICLE SHALL APPLY TO A VETERAN WHOSE SERVICE IN THE  
19 ARMED FORCES BEGAN ON OR AFTER OCTOBER 1, 2001, AND WHO HAS NOT  
20 WORKED FOR AT LEAST SIX MONTHS BEFORE BEING HIRED BY A TAXPAYER  
21 IN AN ELIGIBLE JOB OR IN A JOB IN ANOTHER STATE THAT IS  
22 SUBSTANTIALLY SIMILAR TO AN ELIGIBLE JOB.

23 Section 2. This act shall take effect in 30 days.