

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 424 Session of  
1995

INTRODUCED BY BAKER, FICHTER, SATHER, HALUSKA, CAPPABIANCA,  
MARKOSEK, MARSICO, BARLEY, M. N. WRIGHT, E. Z. TAYLOR,  
MILLER, KING, FAJT, REBER, ARMSTRONG, HUTCHINSON, CLYMER,  
CIVERA, HENNESSEY, HASAY, RAYMOND, ROBERTS, LAUGHLIN, TRICH,  
YOUNGBLOOD, MERRY, FARMER, SEMMEL, ALLEN AND KENNEY,  
JANUARY 31, 1995

REFERRED TO COMMITTEE ON FINANCE, JANUARY 31, 1995

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," further providing for the job retention 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:

ARTICLE XXII

JOB RETENTION TAX CREDIT

19 Section 2201. Short Title.--This article shall be known and  
20 may be cited as the "Job Retention Tax Credit Act."

1     Section 2202. Definitions.--The following words, terms and  
2 phrases, when used in this article, shall have the meanings  
3 ascribed to them in this section, except where the context  
4 clearly indicates a different meaning:

5     "Credit." The Job Retention Tax Credit.

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

7     "Employer." This term shall have the meaning as defined in  
8 Article III. In addition, an employer must be engaged in the  
9 production of goods by manufacturing, processing, assembling,  
10 refining, mining, extracting or research and hire a minimum of  
11 one new employe in the year preceding the first year in which  
12 the credit is taken.

13     "Manufacturing." The term shall have the meaning as defined  
14 in section 201.

15     "New employe." Any person hired for full-time employment by  
16 an employer at the time a new establishment or an expansion of  
17 an existing establishment is initially staffed, but does not  
18 include any transferred job or existing job. For purposes of  
19 this definition, an employe will be considered full-time if he  
20 works a minimum of thirty-two hours per week.

21     "Processing." The term shall have the meaning as defined in  
22 section 201.

23     "Research." The term shall have the meaning as defined in  
24 section 201(c)(5).

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

26     Section 2203. Authorization of Credit.--Every employer in  
27 this Commonwealth shall be entitled to a credit against any of  
28 the taxes imposed by Articles II, III, IV and VI and against any  
29 payment of estimated taxes or tentative tax due from that  
30 employer on account of such taxes.

1     Section 2204. Calculation of Tax Credit.--(a) The amount of  
2 a tax credit available to an employer who qualifies for a credit  
3 under this article shall be equal to two thousand dollars  
4 (\$2,000) per new employe hired in the year preceding the first  
5 year in which the credit was taken. If an employe was only  
6 employed for part of the year in which the credit is taken, the  
7 employer shall be eligible for a partial credit which shall be  
8 based on a ratio, the numerator of which shall be the number of  
9 days the employe was employed by the employer during the tax  
10 year, the denominator of which shall be the number of days an  
11 employer's business was open during the tax year.

12     (b) An employer shall also be eligible to claim the maximum  
13 tax credit of two thousand dollars (\$2,000) in the third tax  
14 year in which the new employe remains employed by the employer.  
15 Except for subsection (c) of this section, no employer shall be  
16 eligible to claim a credit for an employe after the third year  
17 of employment.

18     (c) The amount of the credit which exceeds the employer's  
19 tax liability and cannot be utilized in a given tax year may be  
20 carried over for credit against the taxes imposed by Articles  
21 II, III, IV and VI for not more than five successive tax years.

22     Section 2205. Procedure.--The department shall establish  
23 regulations detailing the requirements and procedures applicable  
24 for claiming the credit. The department may also request that  
25 the employer submit records and other documents which indicate  
26 that the requirements of this act have been satisfied. The total  
27 amount of credits which may be approved by the department in any  
28 fiscal year shall not exceed fifty million dollars  
29 (\$50,000,000).

30     Section 2206. Applicability.--This article shall apply to

1 tax years commencing on or after January 1, 1996, and to each  
2 tax year thereafter.

3       Section 2. This act shall take effect immediately.