

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2632 Session of
2000

INTRODUCED BY RUBLEY, BOYES, DeWEESE, READSHAW, MANN,
CAPPABIANCA, HERMAN, SAMUELSON, COY, ORIE, BELARDI, BEBKO-
JONES, FRANKEL, M. COHEN, KAISER, LAUGHLIN, ARGALL, NAILOR,
ARMSTRONG, SCHULER, ZIMMERMAN, FICHTER, BAKER, SATHER,
McCALL, CORRIGAN, GEIST, STABACK, WILT, PISTELLA, HORSEY,
STURLA, YOUNGBLOOD, WRIGHT, COLAFELLA, MANDERINO, JOSEPHS,
PIPPY, BARD, L. I. COHEN AND ROSS, JUNE 14, 2000

REFERRED TO COMMITTEE ON FINANCE, JUNE 14, 2000

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 a child-care tax credit.

11 The General Assembly of the Commonwealth of Pennsylvania
12 hereby enacts as follows:

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

ARTICLE XIX-B

CHILD-CARE TAX CREDIT

18 Section 1901-B Short Title of Article.--This article shall
19 be known and may be cited as the Child-care Tax Credit Act.

1 Section 1902-B. Definitions.--The following words 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 "Business firm." A corporation, partnership, sole
6 proprietorship or other entity authorized to do business in this
7 Commonwealth and subject to any of the taxes imposed by Article
8 III, IV, VI, VII, VIII, IX or XV of this act.

9 "Contributions." Payments made to a child-care facility not
10 owned or operated by the business firm for child-care services
11 for the children of employees of the business firm.

12 "Credit." The child-care tax credit.

13 "Net costs." Amounts expended for the operation of a child-
14 care facility reduced by the fees or charges paid by the users
15 of the child-care facility services.

16 Section 1903-B. Authorization of Credit.--(a) A business
17 firm that operates its own child-care facility which meets the
18 following requirements shall be eligible for the tax credit:

19 (1) The child-care facility has been issued a valid license
20 by the Department of Public Welfare.

21 (2) Children of the business firm's employees utilize the
22 facility on a regular basis.

23 (3) At least fifty per cent of the employees utilizing the
24 child-care facility are not individuals who own more than 10% of
25 the business firm.

26 (4) The child-care program equitably benefits groups of
27 employees who qualify under a classification set up by the
28 business firm which is not discriminatory in favor of officers,
29 shareholders, owners or their dependents.

30 (5) At least eighty per cent of the children utilizing the

1 child-care facility are children of the business firm's
2 employees.

3 (b) A business firm which makes contributions to a child-
4 care facility not owned or operated by the business firm shall
5 be eligible for the tax credit if the following requirements are
6 met:

7 (1) The child-care facility has been issued a valid license
8 by the Department of Public Welfare.

9 (2) At least fifty per cent of the employees utilizing the
10 child-care facility are not individuals who own more than ten
11 per cent of the business firm.

12 (3) The child-care program equitably benefits groups of
13 employees who qualify under a classification set up by the
14 business firm which is not discriminatory in favor of officers,
15 shareholders, owners or their dependents.

16 Section 1904-B. Calculation of Credit.--The amount of the
17 tax credit available to a business firm which qualifies under
18 this article and operates its own not-for-profit child-care
19 facility shall be equal to twenty-five per cent of the net costs
20 of the child-care facility.

21 (b) The amount of the tax credit available to a business
22 firm which qualifies under this article and contributes to a
23 child-care facility not owned or operated by the business firm
24 shall be equal to twenty-five per cent of the contributions made
25 by the business firm to the child-care facility.

26 (c) Maximum tax credit.--The annual credit allowed under
27 this section shall not exceed twenty-five thousand dollars
28 (\$25,000) per business firm.

29 Section 1905-B. Taxes Against Which Credit May Be Taken.--

30 (a) Except as provided in subsection (b), the tax credits

1 provided for in this article may be applied against any tax due
2 under Article III, IV, VI, VII, VIII, IX or XV of this act.

3 (b) The tax credits provided for in this article shall not
4 be applied against employer withholding taxes required under
5 Article III of this act.

6 Section 1906-B. Powers and Duties.--(a) The Department of
7 Revenue, in cooperation with the Department of Public Welfare,
8 shall administer the provisions of this article, promulgate
9 appropriate rules, regulations and forms for that purpose and
10 make such determinations as may be required.

11 (b) Authorization certificate.--Child-care tax credits may
12 be claimed only upon presentation of an authorizing certificate.
13 Certificates will be issued to a business firm upon presentation
14 to the Department of Public Welfare of evidence of eligibility
15 under this article.

16 (c) The Secretary of Public Welfare and the Secretary of
17 Revenue shall submit an annual report to the General Assembly
18 indicating the effectiveness of the credit provided by this act
19 no later than March 15 following the year in which the credits
20 were issued. The report shall include the number of taxpayers
21 utilizing the credit as of the date of the report and the amount
22 of credits issued and utilized. The report may also include any
23 recommendations for changes in the calculation or administration
24 of the credit.

25 Section 1907-B. Limitations.--The total amount of child-care
26 credits authorized by this article shall not exceed twenty-five
27 million dollars (\$25,000,000) in any fiscal year. The Department
28 of Public Welfare shall promulgate regulations to issue
29 certificates and avoid certificate issuances in excess of the
30 maximum authorized amount for any fiscal year.

1 Section 1908-B. Time periods for earning and using
2 credits.--Child-care credits may be issued for net costs or
3 contributions occurring on or after January 1, 2000, and before
4 January 1, 2005. Child-care credits issued may be claimed
5 against taxes payable for tax years beginning on or after
6 January 1, 2001, and before January 1, 2007.

7 Section 2. This act shall take effect immediately.