
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

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SOLOBAY, HARHAI, WANSACZ, CORRIGAN AND McCALL, JUNE 3, 2003

REFERRED TO COMMITTEE ON COMMERCE, JUNE 3, 2003

AN ACT

1 Providing for the establishment of rural technology enterprise
2 zones in rural areas of this Commonwealth.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Rural
7 Technology Enterprise Zone Act.

8 Section 2. Legislative findings.

9 The General Assembly finds and declares as follows:

10 (1) The 1990's have been a decade of considerable
11 advancement in telecommunications and the way people
12 communicate worldwide. The greatest technological advancement
13 has been the Internet.

14 (2) Accordingly, telecommunications in general, and the
15 Internet in particular, are becoming increasingly important
16 to the efficiency and effectiveness of private and public

1 sector institutions.

2 (3) With the advent of the Internet and its various
3 commercial, educational, medical and cultural applications,
4 the ability of people in all parts of this Commonwealth to
5 access the Internet has become an important component in the
6 ability of the Commonwealth and its people and institutions
7 to remain competitive in the information-based global
8 economy.

9 (4) Although a majority of the people in this
10 Commonwealth live in rural communities, a great disparity
11 currently exists in the ability of people living in urban and
12 suburban areas and people living in rural areas to access the
13 Internet because of a lack of adequate technology,
14 infrastructure and advanced telecommunications services in
15 rural communities.

16 (5) Internet access is a major concern for rural health
17 care. Telemedicine gives rural health care providers the
18 ability to share data with medical experts in academia and
19 large urban hospitals in this Commonwealth and country,
20 thereby greatly enhancing the level of health care in such
21 areas.

22 (6) Internet access is also a concern for rural
23 education. Access to the Internet will complement the
24 learning experiences of children in rural areas by giving
25 them a window to the world and allowing them to gather data
26 from the information superhighway which would not otherwise
27 be available to them. Moreover, Internet access will give
28 rural children planning to attend college a direct connection
29 to academic information provided on-line by institutions of
30 higher education in this Commonwealth and throughout the

1 world.

2 (7) The benefits of the Internet are useless to people
3 living in rural communities who are neither connected to nor
4 able to access the information superhighway.

5 (8) Therefore it is the policy of the Commonwealth to
6 encourage private sector investments in the technology
7 infrastructure of rural areas in order to improve the
8 telecommunications capabilities in such areas and to provide
9 affordable access to the Internet and other interactive
10 information services to people living in rural communities.

11 Section 3. Definitions.

12 The following words and phrases when used in this act shall
13 have the meanings given to them in this section unless the
14 context clearly indicates otherwise:

15 "Commission." The Pennsylvania Public Utility Commission.

16 "Dedicated Internet service provider." An entity that offers
17 a connection to the Internet and that may or may not offer
18 proprietary content.

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

20 "End-user." A person that uses the Internet primarily to
21 receive information and a content creator that uses the Internet
22 to distribute information to other end-users.

23 "Internet." The international interconnected global computer
24 network of tens of thousands of packet-switched networks which
25 use the Internet Protocol to transmit data.

26 "Internet service provider." A dedicated Internet service
27 provider or on-line service provider.

28 "On-line service provider." An entity that provides user
29 access to proprietary content and that allows end-users to
30 access the Internet, usually for a fee.

1 "Program." The rural technology enterprise zone program.

2 "Rural area." A county, town, borough or township or other
3 political subdivision which, according to the latest United
4 States Decennial Census, is classified as rural.

5 "Rural technology enterprise zone." A defined geographic
6 area comprised of one or more political subdivisions or portions
7 thereof located in a rural area as designated by the
8 Pennsylvania Public Utility Commission under section 4.

9 "Qualified investment." Any capital investment or activity
10 made or proposed to be made by a person to enhance the
11 technology infrastructure of a rural technology enterprise zone.

12 "Taxpayer." A person subject to tax under the act of March
13 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

14 "Technology infrastructure." The equipment or facilities,
15 including all features, functions and capabilities, and
16 technical support used in the provision of advanced
17 telecommunications and information services.

18 Section 4. Rural technology enterprise zone program.

19 (a) Establishment and purpose of program.--There is
20 established a program providing for the designation of rural
21 areas of this Commonwealth as rural technology enterprise zones.
22 The purpose of the program is to foster the development of
23 technology infrastructure and increase access to the Internet in
24 areas of this Commonwealth designated by the commission as rural
25 technology enterprise zones.

26 (b) Technology needs assessment and inventory.--By April 30,
27 2004, the commission shall conduct a technology infrastructure
28 needs assessment and inventory to determine the status of
29 telecommunications services and Internet accessibility in rural
30 areas of this Commonwealth. The needs assessment and inventory

1 shall specifically examine the following:

2 (1) The current status of telecommunications
3 infrastructure in rural areas of this Commonwealth, including
4 an examination of advanced telecommunications and information
5 services currently offered by Internet service providers in
6 rural areas.

7 (2) The existence and identification of barriers which
8 prevent or reduce Internet access in rural areas.

9 (3) The need and ability to provide or improve Internet
10 access in rural areas in this Commonwealth, including the
11 ability to improve the level of bandwidth available to
12 Internet end-users in rural areas.

13 (4) The types of technology infrastructure, including
14 advanced communications services and emerging technologies,
15 which would improve Internet access in rural areas.

16 (5) Measures to foster the development of market-based
17 solutions which will make access to the Internet and other
18 interactive services widespread and affordable in rural
19 areas.

20 (c) Public hearings.--After conducting the needs and
21 assessment inventory under subsection (b), but by December 31,
22 2004, the commission shall conduct a series of public hearings
23 in selected rural areas of this Commonwealth on the designation
24 of rural technology enterprise zones. The commission shall
25 provide public notice of such hearings to residents living
26 within any proposed rural technology enterprise zone and to any
27 other interested parties the commission may identify. The
28 commission shall consider any testimony or other evidence
29 presented at such hearings in designating an area as a rural
30 technology enterprise zone.

1 (d) Designation of zones.--The commission shall designate
2 rural areas in this Commonwealth as rural technology enterprise
3 zones based upon the needs and assessment inventory and the
4 evidence received during the public hearings. In making such
5 designations, the commission shall specify by order, based upon
6 the needs and assessment inventory and the evidence received at
7 the public hearings, the specific technology infrastructure
8 needs of each rural technology enterprise zone and the types of
9 technology investments which will meet those needs. For each
10 rural technology enterprise zone designated under this section,
11 the commission shall specify the following:

12 (1) The boundaries of the rural technology enterprise
13 zone.

14 (2) The potential for increasing Internet access within
15 the rural technology enterprise zone.

16 (3) The specific technology infrastructure required to
17 provide adequate and affordable Internet access within the
18 zone and any unique needs or characteristics of the zone.

19 (4) The specific investments in technology
20 infrastructure which will qualify for income tax credit under
21 section 5.

22 (5) Recommendations for integrating telecommunications
23 and regional economic development.

24 (6) Other information the commission deems pertinent.
25 Section 5. Investment in technology infrastructure; tax credit.

26 (a) Technology infrastructure tax credit.--A taxpayer that
27 has made a qualified capital investment in the technology
28 infrastructure required to provide Internet access or improve
29 telecommunications services in a rural technology enterprise
30 zone shall receive a tax credit as provided in subsection (c) if

1 the commission annually approves a proposal submitted by the
2 taxpayer.

3 (b) Proposals.--

4 (1) A taxpayer desiring to participate in the program
5 must submit a written proposal to the commission in the
6 manner the commission prescribes. The proposal must set forth
7 all of the following:

8 (i) The rural technology enterprise zone selected
9 for investment.

10 (ii) The specific technology investment proposed for
11 the zone.

12 (iii) The estimated amount to be invested.

13 (iv) The plan for implementing the proposal.

14 (v) The time frame for implementing the proposal.

15 (2) The decision of the commission to approve or
16 disapprove a proposal shall be in writing and, if the
17 proposal is approved, shall state the maximum tax credit
18 allowable to the person. A copy of the decision approving a
19 proposal shall be forwarded to the department.

20 (3) The commission shall develop procedures to govern
21 the resubmission of proposals that are not approved.

22 (c) Grant of tax credit.--

23 (1) The department shall grant a tax credit against any
24 tax due under Article III, IV, VI, VII, VII-A, VIII, VIII-A,
25 IX, X or XV of the act of March 4, 1971 (P.L.6, No.2), known
26 as the Tax Reform Code of 1971, or any tax substituted in
27 lieu thereof, for income tax years commencing after December
28 31, 2003, but prior to January 1, 2009, in an amount equal to
29 10% of the amount of total investment made during such years
30 in technology infrastructure required to improve

1 telecommunications services or provide Internet access in a
2 rural technology enterprise zone.

3 (2) A tax credit not to exceed 20% of the total amount
4 invested by a person during the taxable year may be allowed
5 for investments in special programs uniquely designed by a
6 program participant, in collaboration with the commission, to
7 improve the technology infrastructure in a rural technology
8 enterprise zone. The tax credit may be claimed only for
9 specific capital investments in technology infrastructure or
10 specific activities designed to improve the technology
11 infrastructure which are in a rural technology enterprise
12 zone, as determined by the commission.

13 (3) A tax credit claimed by a person under this
14 subsection shall not exceed \$500,000 in any one tax year. If
15 the tax credit allowed under this subsection exceeds the
16 taxes otherwise due, the amount of the credit not used as an
17 offset against taxes may be carried forward as a tax credit
18 against subsequent years' tax liability for a period not to
19 exceed five years and shall be applied first to the earliest
20 years possible.

21 (d) Amount of tax credit.--The total amount of tax credit
22 granted for programs under this act shall not exceed \$5,000,000
23 of tax credits in a fiscal year.

24 (e) Report.--The commission shall submit a report to the
25 Consumer Protection and Professional Licensure Committee of the
26 Senate and the Consumer Affairs Committee of the House of
27 Representatives by December 31, 2006. The report shall outline
28 the progress in improving the technology infrastructure and
29 Internet access within each rural technology enterprise zone.
30 The report shall include, at least, the following:

1 (1) The number of taxpayers participating in the
2 program.

3 (2) The total amount of capital investment made by the
4 taxpayers in the technology infrastructure of each rural
5 technology enterprise zone.

6 (3) The total amount of all tax credits allowed for
7 capital investments.

8 (4) An analysis of the changes made in technology
9 infrastructure in each rural technology enterprise zone to
10 improve Internet access and the effects of those changes.

11 (5) Any recommendations the commission or department may
12 deem appropriate.

13 Section 6. Duties of commission and department.

14 (a) Duties of commission.--The commission shall implement
15 the provisions of this act and shall promulgate regulations to
16 carry out the provisions of this act. Regulations shall include
17 an enumeration of the specific activities which, in the
18 determination of the commission, will improve the technology
19 infrastructure in a rural technology enterprise zone and which
20 will qualify for tax credit.

21 (b) Specific regulations by department.--Notwithstanding
22 subsection (a), the department shall promulgate regulations as
23 necessary to carry out the provisions of section 5(a), (c) and
24 (d).

25 (c) Memorandum of understanding.--The commission and the
26 department shall collaborate to determine a division of
27 responsibilities for the enforcement of the provisions of this
28 act and any regulations promulgated under this act to ensure
29 uniform standards in each rural technology enterprise zone. To
30 ensure uniform enforcement, the commission and department shall

1 enter into a memorandum of understanding. The memorandum of
2 understanding shall set forth the specific responsibilities of
3 the commission and the department and shall include procedures
4 to facilitate the sharing of program information between the two
5 agencies.

6 Section 7. Construction.

7 Nothing in this act shall be construed to obliterate, rescind
8 or modify any taxpayer's universal service obligations mandated
9 under Federal or State law or regulation.

10 Section 20. Effective date.

11 This act shall take effect in 60 days.