

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 468 Session of
2013

INTRODUCED BY STACK, FONTANA, WOZNIAK, FARNESE, TEPLITZ,
BREWSTER AND RAFFERTY, APRIL 4, 2013

REFERRED TO FINANCE, APRIL 4, 2013

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 Program
11 to honor veterans for their service to our country and
12 provide incentives for their employment.

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

15 Section 1. Article XVIII-C of the act of March 4, 1971
16 (P.L.6, No.2), known as the Tax Reform Code of 1971, added July
17 9, 2008 (P.L.922, No.66), is amended to read:

18 ARTICLE XVIII-C

19 [(RESERVED)]

20 THE VETS FIRST TAX CREDIT PROGRAM

21 Section 1801-C. Definitions.

22 The following words and phrases when used in this article
23 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Department." The Department of Community and Economic
3 Development of the Commonwealth.

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

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

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

18 "Start date." The effective date of this section.

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

25 "Veteran." An individual who meets all of the following:

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

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

1 (3) Has not worked for at least six months prior to
2 being hired by a taxpayer in an eligible job or in a job in
3 another state that is substantially similar to an eligible
4 job.

5 "Vets First tax credits." Tax credits for hiring veterans
6 authorized under this article.

7 "Year four." A one-year period immediately following the end
8 of year three.

9 "Year one." A one-year period immediately following the
10 start date.

11 "Year three." A one-year period immediately following the
12 end of year two.

13 "Year two." A one-year period immediately following the end
14 of year one.

15 Section 1802-C. Vets First tax credits.

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

21 (1) The veteran was hired for a new position in the
22 taxpayer's small business or was hired to fill the position
23 of another employee who voluntarily separated from employment
24 with the taxpayer.

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

29 (b) Amount.--

30 (1) The Vets First tax credit shall be equal to \$4,000

1 for each veteran hired from and after the start date and
2 shall be available annually through the end of year three so
3 long as the veteran has been continuously employed in the
4 eligible job from the date hired until the end of year three.
5 The Vets First tax credit shall be available through the end
6 of year four for each veteran who has been continuously
7 employed in the eligible job from the date hired until the
8 end of year four who resides in this Commonwealth and has
9 resided in this Commonwealth since the date the veteran was
10 released or discharged from active military service under
11 conditions other than dishonorable.

12 (2) The provisions of this subsection shall be subject
13 to the limitations in section 1804-C.

14 (c) Eligibility for other tax credits.--A taxpayer that
15 claims tax credits under any other Federal or State law shall be
16 eligible for a Vets First tax credit so long as the taxpayer
17 also meets the applicable requirements of this article.
18 Section 1803-C. Application and award.

19 (a) Annual application required.--A taxpayer wishing to
20 claim a Vets First tax credit shall apply to the department on a
21 form required by the department. An application shall be
22 submitted for each tax year that the taxpayer desires to claim
23 the Vets First tax credit and shall contain such information as
24 the department deems necessary for the department to determine
25 that the taxpayer qualifies for the Vets First tax credit or
26 credits for which the taxpayer is applying. The department shall
27 review and approve or disapprove applications in the order in
28 which they are received.

29 (b) Award.--Upon determining that the taxpayer qualifies for
30 one or more Vets First tax credits, the department shall award

1 the credits and issue a Vets First tax credit certificate to the
2 taxpayer.

3 Section 1804-C. Limitations.

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

7 (b) Aggregate amount of awards.--No more than \$50,000,000 in
8 Vets First tax credits shall be awarded in any fiscal year.

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

12 Section 1805-C. Sale or assignment.

13 (a) Sale or assignment.--A taxpayer, upon application to and
14 approval by the department, may sell or assign, in whole or in
15 part, a Vets First tax credit granted to the taxpayer under this
16 article. The department shall establish guidelines for the
17 approval of applications under this subsection.

18 (b) Claim and use.--The purchaser or assignee of a portion
19 of a Vets First tax credit under subsection (a) shall
20 immediately claim the credit in the taxable year in which the
21 purchase or assignment is made. The amount of the Vets First
22 credit that a purchaser or assignee may use against any one
23 qualified tax liability may not exceed 75% of such qualified tax
24 liability for the taxable year. The purchaser or assignee may
25 not carry over, carry back, obtain a refund of or assign the
26 Vets First tax credit. The purchaser or assignee shall notify
27 the department of the seller or assignor of the Vets First tax
28 credit in compliance with procedures specified by the
29 department.

30 Section 1806-C. Repayment and penalty.

1 (a) Repayment.--A taxpayer who has claimed one or more Vets
2 First tax credits and fails to meet any of the criteria required
3 under section 1802-C, or a taxpayer who has received a Vets
4 First tax credit in error shall repay to the Commonwealth the
5 amount of all Vets First tax credits claimed.

6 (b) Penalty.--If it is determined that the failure or error
7 referred to in subsection (a) occurred as a result of fraud
8 perpetrated by the taxpayer, the taxpayer, in addition to being
9 required to repay the amount of all Vets First tax credits
10 claimed, shall be subject to such other appropriate penalties
11 and remedies as may be provided in this act or in other
12 applicable law.

13 Section 1807-C. Report.

14 The department shall submit an annual report to the Governor,
15 the Majority Leader of the Senate, the Minority Leader of the
16 Senate, the Majority Leader of the House of Representatives and
17 the Minority Leader of the House of Representatives on March 1
18 of each year following the effective date of this section. The
19 report shall include the following information:

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

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

27 Section 1808-C. Notice to public.

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

- 1 (1) Availability of the Vets First tax credits.
- 2 (2) Guidelines for the awarding of Vets First tax
- 3 credits.
- 4 (3) A downloadable copy of the application form.
- 5 Section 2. This act shall take effect in 30 days.