

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1280 Session of
2018

INTRODUCED BY VULAKOVICH, NOVEMBER 13, 2018

REFERRED TO FINANCE, NOVEMBER 13, 2018

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 National Guard service 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:

16 ARTICLE XVIII-H

17 NATIONAL GUARD SERVICE TAX CREDIT

18 Section 1801-H. Definitions.

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

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

1 "Qualified tax liability." The liability for taxes imposed
2 under Article III for the taxable year beginning after December
3 31, 2018, and ending before January 1, 2020, and each taxable
4 year thereafter.

5 "Tax credit." The tax credit under this article.

6 "Taxpayer." An individual subject to payment of taxes under
7 Article III.

8 Section 1802-H. Application.

9 (a) Application to department.--A taxpayer may claim a tax
10 credit against the qualified tax liability of the taxpayer by
11 submitting an application for the tax credit in a manner
12 required by the department. The application shall contain the
13 following information:

14 (1) The name and tax identification number of the
15 taxpayer.

16 (2) Documentation that the taxpayer meets the
17 eligibility criteria specified in section 1803-H.

18 (3) Any other information deemed appropriate by the
19 department.

20 (b) Procedure.--The application shall be attached to the
21 applicant's annual tax return required to be filed under Article
22 III.

23 Section 1803-H. Taxpayer eligibility.

24 (a) Credit.--A taxpayer who is an active member of the
25 Pennsylvania National Guard and meets all of the following
26 criteria shall be eligible for a tax credit:

27 (1) Is a resident of this Commonwealth.

28 (2) Has at least two full years of service as a member
29 of the Pennsylvania National Guard.

30 (3) Is an active member of the Pennsylvania National

1 Guard on the date the taxpayer signs the tax return.

2 (b) Maximum credit.--A taxpayer who qualifies under
3 subsection (a) may claim a tax credit as follows:

4 (1) If the taxpayer has completed at least two full
5 years of service as an active member of the Pennsylvania
6 National Guard, the taxpayer may claim a tax credit of \$500.

7 (2) If the taxpayer has completed at least six full
8 years of service as an active member of the Pennsylvania
9 National Guard, the taxpayer may claim a tax credit of
10 \$1,000.

11 Section 1804-H. Carryover and carryback.

12 (a) General rule.--If the taxpayer cannot use the entire
13 amount of the tax credit for the taxable year in which the
14 taxpayer is eligible for the credit, the excess may be carried
15 over to succeeding taxable years and used as a credit against
16 the qualified tax liability of the taxpayer for those taxable
17 years. Each time the tax credit is carried over to a succeeding
18 taxable year, it shall be reduced by the amount that was used as
19 a credit during the immediately preceding taxable year. The tax
20 credit may be carried over and applied to succeeding taxable
21 years for no more than three taxable years following the first
22 taxable year for which the taxpayer was entitled to claim the
23 credit.

24 (b) Application.--A tax credit approved by the department in
25 a taxable year shall first be applied against the taxpayer's
26 qualified liability for the current taxable year as of the date
27 on which the credit was approved before the tax credit can be
28 applied against any tax liability under subsection (a).

29 (c) Limitations.--A taxpayer is not entitled to carry back,
30 obtain a refund of, sell or assign an unused tax credit.

1 Section 1805-H. Self certification.

2 The making or filing by a taxpayer of any return,
3 declaration, statement or other document required to be made or
4 filed under this article shall constitute a certification by the
5 taxpayer that the statements, including the taxpayer's residency
6 status and years of service as an active member of the
7 Pennsylvania National Guard, contained in the return,
8 declaration, statement or other document are true and that any
9 copy filed is a true copy.

10 Section 1806-H. Guidelines.

11 (a) General rule.--The department shall adopt guidelines,
12 including forms, necessary to administer this article.

13 (b) Limitation.--The department shall adopt guidelines that
14 permit an eligible taxpayer to file a joint State tax return.

15 Section 1807-H. Report to General Assembly.

16 No later than June 1, 2020, the department shall submit a
17 report on the tax credits granted and the applicability of the
18 tax credit to the retention of active members of the
19 Pennsylvania National Guard. The report shall include the number
20 of active members of the Pennsylvania National Guard who
21 utilized the tax credit as of the date of the report and the
22 amount of credits approved. The report may include
23 recommendations for changes in the calculation or administration
24 of the tax credit. The report shall be submitted to the
25 chairperson and minority chairperson of the Appropriations
26 Committee of the Senate, the chairperson and minority
27 chairperson of the Appropriations Committee of the House of
28 Representatives, the chairperson and minority chairperson of the
29 Veterans Affairs and Emergency Preparedness Committee of the
30 Senate and the chairperson and minority chairperson of the

1 Veterans Affairs and Emergency Preparedness Committee of the
2 House of Representatives. The report may include other
3 information that the department deems appropriate.
4 Section 1808-H. Penalty.

5 A taxpayer who claims a credit under this article but fails
6 to meet the standards under this article, shall repay the full
7 amount of the tax credit to the Commonwealth, plus interest as
8 prescribed under section 351.

9 Section 2. This act shall take effect immediately.