

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2053 Session of  
2021

INTRODUCED BY SHUSTERMAN, N. NELSON, HILL-EVANS, GUENST,  
FREEMAN, DELLOSO, KINSEY, SCHLOSSBERG, SANCHEZ, WEBSTER,  
DeLUCA, D. WILLIAMS, FRANKEL, HANBIDGE, McNEILL, DRISCOLL,  
KIM AND STURLA, NOVEMBER 4, 2021

REFERRED TO COMMITTEE ON FINANCE, NOVEMBER 4, 2021

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 Pennsylvania Child and Dependent  
11 Care Tax 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:

17 ARTICLE XIX-H

18 PENNSYLVANIA CHILD AND DEPENDENT CARE TAX CREDIT

19 Section 1901-H. Scope of article.

20 This article establishes the Pennsylvania Child and Dependent  
21 Care Tax Credit.

1 Section 1902-H. Definitions.

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

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

6 "Internal Revenue Code." The Internal Revenue Code of 1986  
7 (Public Law 99-514, 26 U.S.C. § 1 et seq.), as amended.

8 "Qualifying individual." As defined in section 21(b)(1) of  
9 the Internal Revenue Code.

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

11 "Taxpayer." An individual subject to tax under Article III,  
12 IV, VII, VIII, IX or XV.

13 Section 1903-H. Application.

14 (a) Authorization.--A taxpayer may submit an application for  
15 a tax credit under this article in a manner required by the  
16 department no later than 30 days after the date of returns.

17 (b) Contents.--The application under this section must  
18 contain the following information:

19 (1) The name and tax identification number of the  
20 taxpayer.

21 (2) Verification that the taxpayer is eligible for the  
22 Federal tax credit under section 21 of the Internal Revenue  
23 Code.

24 (3) Any other information deemed appropriate by the  
25 department.

26 (c) Procedure.--The application under this section must be  
27 attached to the applicant's annual tax return required to be  
28 filed.

29 Section 1904-H. Taxpayer eligibility.

30 (a) Credit.--A taxpayer shall be eligible for a tax credit

1 under subsection (b) if the taxpayer qualifies for the tax  
2 credit established under section 21 of the Internal Revenue  
3 Code.

4 (b) Maximum credit.--A taxpayer who qualifies under  
5 subsection (a) may claim a tax credit of:

- 6 (1) \$350 if there is one qualifying individual; or  
7 (2) \$700 if there are two or more qualifying  
8 individuals.

9 Section 1905-H. Refund.

10 A tax credit under this article that is approved by the  
11 department in a taxable year shall first be applied against the  
12 taxpayer's qualified liability for the current taxable year as  
13 of the date on which the tax credit was approved.

14 Section 1906-H. Total amount of credits.

15 (a) Limit.--The total amount of tax credits authorized by  
16 this article shall not exceed \$10,000,000.

17 (b) Pro rata basis.--If the amount under subsection (a) is  
18 insufficient for the tax credits provided under this article,  
19 money shall be disbursed to applicants on a pro rata basis.

20 Section 1907-H. Report to General Assembly.

21 (a) Requirement.--No later than March 15 following the year  
22 in which the tax credits under this article were approved, the  
23 secretary shall submit an annual report to the General Assembly  
24 indicating the effectiveness of the tax credit under this  
25 article.

26 (b) Contents.--The report under this section:

27 (1) Shall include the names of all taxpayers utilizing  
28 the tax credit as of the date of the report and the amount of  
29 tax credits approved and utilized by each taxpayer.

30 (2) May include any recommendations for changes in the

1     calculation or administration of the tax credit.

2     (c) Public information.--Notwithstanding any law providing  
3 for the confidentiality of tax records, the information  
4 contained in the report under this section shall be public  
5 information.

6 Section 1908-H. Penalty.

7     A taxpayer who claims a tax credit under this article but  
8 fails to meet the standards under this article shall repay the  
9 full amount of the tax credit to the Commonwealth.

10 Section 1909-H. Guidelines.

11     The department may establish guidelines as necessary to  
12 implement this article.

13     Section 2. This act shall apply to taxable years beginning  
14 after December 31, 2021.

15     Section 3. This act shall take effect immediately.