

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** Senate Bill 899

**PRINTER'S NO.** 1237

## **AMOUNT**

No adverse fiscal impact

## **FUND**

General

## **DATE INTRODUCED**

June 4, 2009

## **PRIME SPONSOR**

Senator Piccola

## **HISTORY OF BILL**

Referred to EDUCATION, June 4, 2009

Reported as amended, June 30, 2009

First consideration, June 30, 2009

Re-referred to APPROPRIATIONS, June 30, 2009

Re-reported as committed, July 28, 2009

## **DESCRIPTION AND PURPOSE OF BILL**

Senate Bill 899 amends the Public School Code by increasing the household income limit for students to participate in the Educational Improvement Tax Credit (EITC) program from \$50,000 to \$60,000 and the allowance for each dependent from \$10,000 to \$12,000.

The bill establishes new household income limits for both students with disabilities enrolled in non-special education schools and students with disabilities enrolled in special education schools. The new household income limits are as follows:

1. Non-special education schools, 150% of the income limit plus the dependent allowance.
2. Special education schools, 299.3% of the income limit plus the dependent allowance.

The bill also requires the Department of Community and Economic Development to annually adjust the income limits for eligibility based

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on the Consumer Price Index for all Urban Consumers for the Pennsylvania, New Jersey, Delaware and Maryland Area.

The bill amends the definition of "pass-through entity" to include a single-member limited liability company that is treated as a disregarded entity for federal income tax purposes.

It also provides that a pass-through entity which does not intend to use the tax credit may transfer all or a portion of the credit to a shareholder, member or partner for their use in the taxable year in which the contribution is made or in the taxable year immediately following the year in which the contribution is made. Under current law, a transferred credit must be claimed by a shareholder, member or partner in the year in which the transfer is made. Typically, the year of transfer lags behind the year of contribution. The change standardizes the timing of when credits may be claimed for shareholders, members or partners with other entities receiving the credit, so that it may be claimed in the year of contribution.

The bill will take effect in 60 days.

## **FISCAL IMPACT:**

The enactment of Senate Bill 899 will have no adverse fiscal impact on Commonwealth funds. The legislation does not change the amount of tax credits available under EITC (\$75,000,000) or the expected utilization.