

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1219 Session of
2023

INTRODUCED BY BRIGGS, FREEMAN, MADDEN, SCHLOSSBERG, SANCHEZ,
HILL-EVANS, GUENST, GREINER, HANBIDGE, WEBSTER, NEILSON,
SCOTT AND HOGAN, MAY 24, 2023

REFERRED TO COMMITTEE ON FINANCE, MAY 24, 2023

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," in corporate net income tax, further providing
11 for manufacturing innovation and reinvestment deduction.

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

14 Section 1. Section 407.7 of the act of March 4, 1971 (P.L.6,
15 No.2), known as the Tax Reform Code of 1971, is amended to read:

16 Section 407.7. Manufacturing Innovation and Reinvestment
17 Deduction.--(a) In order to be eligible to receive a
18 manufacturing innovation and reinvestment deduction, a taxpayer
19 must demonstrate to the department a private capital investment
20 in excess of [sixty million dollars (\$60,000,000)] fifty million
21 dollars (\$50,000,000) for the creation of new or refurbished
22 manufacturing capacity within [three years of a designated start

1 date] the applicable time period specified in subsection (b).

2 (b) (1) A taxpayer must advise the department in advance of
3 the start date of any project for which the taxpayer may seek a
4 qualified manufacturing innovation and reinvestment deduction. A
5 taxpayer must attest the taxpayer's intent to meet the
6 eligibility criteria and provide relevant information pertinent
7 to the project's size and scope in a manner as determined by the
8 department.

9 (2) For a private capital investment of less than one
10 hundred fifty million dollars (\$150,000,000), the following
11 shall apply:

12 (i) The project must be completed within three years of the
13 project's start date.

14 (ii) Within five years of [a] the project's start date, [a]
15 the taxpayer must complete to the department's satisfaction an
16 application on a form and in a manner as determined by the
17 department to attest that the project has been completed and the
18 eligibility criteria has been satisfied.

19 (3) For a private capital investment greater than one
20 hundred fifty million dollars (\$150,000,000) and less than two
21 hundred fifty million dollars (\$250,000,000), the following
22 shall apply:

23 (i) The project must be completed within five years of the
24 project's start date.

25 (ii) Within seven years of the project's start date, the
26 taxpayer must complete to the department's satisfaction an
27 application on a form and in a manner as determined by the
28 department to attest that the project has been completed and the
29 eligibility criteria has been satisfied.

30 (4) For a private capital investment greater than two

1 hundred fifty million dollars (\$250,000,000) and less than three
2 hundred fifty million dollars (\$350,000,000), the following
3 shall apply:

4 (i) The project must be completed within seven years of the
5 project's start date.

6 (ii) Within nine years of the project's start date, the
7 taxpayer must complete to the department's satisfaction an
8 application on a form and in a manner as determined by the
9 department to attest that the project has been completed and the
10 eligibility criteria has been satisfied.

11 (5) For a private capital investment greater than three
12 hundred fifty million dollars (\$350,000,000), the department
13 shall establish the time period from the project's start date in
14 which the project must be completed and the time period in which
15 the application as described in paragraph (4) must be completed.

16 (c) Upon the receipt of the taxpayer's application, the
17 Department of Revenue [must] shall make a finding [that] whether
18 the applicant has filed all required State tax reports and
19 returns for all applicable tax years and paid any balance of
20 State tax due as determined at settlement, assessment or
21 determination, and the department, then in conjunction with the
22 Department of Revenue, shall make an eligibility or satisfaction
23 determination within ninety days of submission. If the
24 department makes a satisfaction determination, the department
25 and the taxpayer shall execute a satisfaction commitment letter
26 containing the following:

27 (1) The number of new jobs created and their corresponding
28 description.

29 (2) The number of new jobs created during construction of
30 the project.

1 (3) The amount of private capital investment in the creation
2 of new jobs.

3 (4) The increase in the annual taxable payroll attributable
4 to new manufacturing jobs.

5 (5) A determination of the maximum allowable deduction
6 against a taxpayer's qualified tax liability under this article.

7 (6) Any other information as the department deems
8 appropriate.

9 (d)

10 [(1.1) If the private capital investment is in excess of
11 sixty million dollars (\$60,000,000), but not more than one
12 hundred million dollars (\$100,000,000), the maximum allowable
13 deduction shall be equal to thirty-seven and one-half per cent
14 of the private capital investment utilized in the creation of
15 new or refurbished manufacturing capacity. A taxpayer may
16 utilize the deduction in an amount not to exceed seven and one-
17 half per cent of the private capital investment utilized in the
18 creation of new or refurbished manufacturing capacity in any one
19 year of the succeeding ten tax years immediately following the
20 department's satisfaction determination and the execution of a
21 satisfaction commitment letter, up to the maximum allowable
22 deduction.]

23 (1.2) If [the] a taxpayer's private capital investment for a
24 project exceeds [one hundred million dollars (\$100,000,000)]
25 fifty million dollars (\$50,000,000), the maximum allowable
26 deduction shall be equal to twenty-five per cent of the private
27 capital investment utilized in the creation of new or
28 refurbished manufacturing capacity. A taxpayer may utilize the
29 deduction in an amount not to exceed five per cent of the
30 private capital investment utilized in the creation of new or

1 refurbished manufacturing capacity in any one year of the
2 succeeding ten tax years immediately following the department's
3 satisfaction determination and the execution of a satisfaction
4 commitment letter, up to the maximum allowable deduction.

5 (1.3) If a taxpayer executes a satisfaction commitment
6 letter for more than two concurrent projects with a total
7 private capital investment exceeding five hundred million
8 dollars (\$500,000,000), the maximum allowable deduction for any
9 succeeding project shall be equal to twenty-five per cent of the
10 private capital investment utilized in the creation of new or
11 refurbished manufacturing capacity. A taxpayer may utilize the
12 deduction in an amount not to exceed five per cent of the
13 private capital investment utilized in the creation of new or
14 refurbished manufacturing capacity in any one year of the
15 succeeding twenty tax years immediately following the
16 department's satisfaction determination and the execution of a
17 satisfaction commitment letter, up to the maximum allowable
18 deduction.

19 (3) A taxpayer cannot use the deduction to reduce [its] the
20 taxpayer's tax liability by more than fifty per cent of the tax
21 liability under this article for the taxable year. The deduction
22 is nontransferable and any unused portion in a tax year shall
23 expire at the end of the corresponding tax year.

24 Section 2. This act shall apply to tax years beginning after
25 December 31, 2023.

26 Section 3. This act shall take effect immediately.