
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 694 Session of
2001

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BARRAR, SAINATO, McCALL, STEELMAN, PRESTON, SHANER,
WASHINGTON, HARHAI, BROWNE AND DALEY, FEBRUARY 13, 2001

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 13, 2001

AN ACT

1 Granting tax credits to certain employers who invest in efforts
2 to provide education and training for their existing work
3 force.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Upgrade
8 Training Tax Credit Act.

9 Section 2. Definitions.

10 The following words and phrases when used in this act shall
11 have the meanings given to them in this section unless the
12 context clearly indicates otherwise:

13 "Department." The Department of Community and Economic
14 Development of the Commonwealth.

15 "Enterprise." A business, commerce, trade, transportation,
16 health care, service or other organization providing employment

1 within this Commonwealth.

2 "Industrial resource center." A regional business assistance
3 center as designated by the Secretary of Community and Economic
4 Development.

5 "Secretary." The Secretary of Community and Economic
6 Development of the Commonwealth.

7 "Upgrade training." An education or training program
8 provided to employees to improve their existing work skills and
9 abilities.

10 Section 3. Purpose.

11 It shall be the purpose of this act to provide fiscal
12 incentives to Commonwealth employers to encourage them to invest
13 in the continuing education and training needs of their existing
14 work force.

15 Section 4. Program eligibility.

16 (a) Enterprises.--Any enterprise operating within this
17 Commonwealth shall be eligible to receive the tax credits.

18 (b) Limit on total credits.--No single enterprise shall be
19 granted eligibility to receive total tax credits under this act
20 worth more than \$500,000 during any one fiscal year.

21 (c) Maximum credit amount.--The maximum amount of tax
22 credits approved under this act shall not total more than
23 \$10,000,000 during any one fiscal year.

24 Section 5. Allocation of tax credits.

25 (a) Regional industrial resource centers.--

26 (1) The allocation of available tax credits under this
27 act shall be determined by regional industrial resource
28 centers as designated by the secretary.

29 (2) Enterprises shall make application to receive tax
30 credits of as much as 50% of their total planned expenditure

1 for the eligible upgrade training program.

2 (3) Applications shall include a general explanation of
3 the education or training program to be undertaken, the
4 maximum amount of tax credits for which the enterprise would
5 be eligible, an anticipated timeline for the implementation
6 of the program and any additional information determined
7 necessary by the designated industrial resource center
8 reviewing the application.

9 (4) The secretary shall annually certify the total
10 amount of tax credits to be allocated from each industrial
11 resource center. The amount of tax credits to be awarded by
12 each center, as determined by the secretary, shall be based
13 upon total employment within each industrial resource
14 center's service region.

15 (b) Allocation of credits.--

16 (1) Industrial resource centers shall allocate tax
17 credits based upon eligibility guidelines established by the
18 department in consultation with other Commonwealth agencies
19 responsible for the administration or review of education and
20 training programs. These guidelines shall be presented to the
21 secretary for final approval and implementation within 60
22 days of the enactment of this act.

23 (2) The criteria used to develop guidelines for awarding
24 available tax credits shall include, but not be limited to:

25 (i) Education and training efforts that clearly
26 improve the competitive position of the enterprise.

27 (ii) Enterprises located within State enterprise
28 zones as designated by the secretary or distressed
29 communities as designated by the secretary.

30 (iii) Number of employees expected to be trained and

1 the long-term value of the skills and knowledge to be
2 received.

3 (iv) Labor market needs within the local community.

4 (v) Indications of the enterprise's long-term
5 commitment toward work force development and successful
6 operation within this Commonwealth.

7 (3) The secretary shall annually review these guidelines
8 to insure they are consistent with the criteria outlined in
9 this act and serve the best interests of this Commonwealth.

10 Section 6. Award of credits.

11 (a) Application of credits.--Eligible upgrade training
12 expenditures, as defined in section 2, shall qualify for tax
13 credits which may be applied to taxes levied under Articles III,
14 IV and VI of the act of March 4, 1971 (P.L.6, No.2), known as
15 the Tax Reform Code of 1971.

16 (b) Notice to secretary.--Upon a determination by the
17 industrial resource center that an enterprise is qualified to
18 receive a tax credit, the secretary shall be notified in writing
19 of the proposed amount of the award to insure that the proposal
20 is within the allowable allocation limits for the tax credit
21 program.

22 (c) Notice to Department of Revenue.--Upon receipt of
23 written notification from the department, the Department of
24 Revenue shall review and provide a final determination that the
25 upgrade training program is qualified to receive the tax credit.

26 (d) Notice to enterprise.--The Department of Revenue shall
27 provide written notification to the enterprise that the tax
28 credit has been granted, including clear explanation of the
29 eligible tax year within which the credit may be claimed, and
30 shall inform the department of this determination.

1 (e) Use of credit.--The enterprise may apply the granted tax
2 credit toward an estimated payment or a final payment by
3 taxpayer election, but all of such credit must be used within
4 six months of the ending of the tax year for which the credit
5 has been granted.

6 (f) Transfer of credit.--A tax credit granted under this act
7 may be traded or sold by the enterprise, contingent upon the
8 approval of the Department of Revenue.

9 (g) Regulations and procedures.--The Department of Revenue
10 shall, in the manner provided by law, promulgate regulations and
11 procedures for coordinating with the department to certify that
12 enterprises designated to receive the credits have completed the
13 necessary upgrade training programs to allow the tax credits to
14 be applied.

15 Section 7. Applicability.

16 No tax credits awarded under this act shall be applied toward
17 any tax year prior to July 1, 2001.

18 Section 8. Effective date.

19 This act shall take effect July 1, 2001, or immediately,
20 whichever occurs later.