

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1269 Session of
2002

INTRODUCED BY C. WILLIAMS, LOGAN, O'PAKE, MUSTO, WAGNER, COSTA,
WAUGH, ORIE, ERICKSON, TARTAGLIONE, BODACK, BOSCOLA, RHOADES
AND STACK, JANUARY 23, 2002

SENATOR EARLL, FINANCE, AS AMENDED, JUNE 4, 2002

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," further providing for a limitation on credits.

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

13 Section 1. Section 1709-B of the act of March 4, 1971
14 (P.L.6, No.2), known as the Tax Reform Code of 1971, added May
15 7, 1997 (P.L.85, No.7), is amended to read:

16 Section 1709-B. Limitation on Credits.--(a) The total
17 amount of credits approved by the department shall not exceed
18 [fifteen million dollars (\$15,000,000)] ~~sixty million dollars~~ <—
19 ~~(\$60,000,000)~~ THIRTY MILLION DOLLARS (\$30,000,000) in any fiscal <—
20 year. Of that amount, [three million dollars (\$3,000,000)] five
21 million dollars (\$5,000,000) shall be allocated exclusively for

1 small businesses. However, if the total amounts allocated to
2 either the group of applicants exclusive of small businesses or
3 the group of small business applicants is not approved in any
4 fiscal year, the unused portion will become available for use by
5 the other group of qualifying taxpayers.

6 (b) If the total amount of research and development tax
7 credits applied for by all taxpayers, exclusive of small
8 businesses, exceeds the amount allocated for those credits, then
9 the research and development tax credit to be received by each
10 applicant shall be the product of the allocated amount
11 multiplied by the quotient of the research and development tax
12 credit applied for by the applicant divided by the total of all
13 research and development credits applied for by all applicants,
14 the algebraic equivalent of which is:

15 taxpayer's research and development tax credit=amount
16 allocated for those credits X (research and development
17 tax credit applied for by the applicant/total of all
18 research and development tax credits applied for by all
19 applicants).

20 (c) If the total amount of research and development tax
21 credits applied for by all small business taxpayers exceeds the
22 amount allocated for those credits, then the research and
23 development tax credit to be received by each small business
24 applicant shall be the product of the allocated amount
25 multiplied by the quotient of the research and development tax
26 credit applied for by the small business applicant divided by
27 the total of all research and development credits applied for by
28 all small business applicants, the algebraic equivalent of which
29 is:

30 taxpayer's research and development tax credit=amount

1 allocated for those credits X (research and development
2 tax credit applied for by the small business/total of all
3 research and development tax credits applied for by all
4 small business applicants).

5 Section 2. This act shall apply to taxable years beginning
6 after December 31, 2001.

7 Section 3. This act shall take effect in 60 days.