

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1447 Session of
2008

INTRODUCED BY ORIE, PILEGGI, RHOADES, ARMSTRONG, PICCOLA,
TOMLINSON, BROWNE, FOLMER, BAKER, TARTAGLIONE, EICHELBERGER,
EARLL, REGOLA, RAFFERTY, MADIGAN, BOSCOLA, FONTANA, WAUGH,
ERICKSON, CORMAN, PIPPY, WOZNIAK, WONDERLING, O'PAKE, COSTA
AND GREENLEAF, JUNE 10, 2008

REFERRED TO EDUCATION, JUNE 10, 2008

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An
2 act relating to the public school system, including certain
3 provisions applicable as well to private and parochial
4 schools; amending, revising, consolidating and changing the
5 laws relating thereto," further defining "business firm";
6 defining "pass-through entity"; and further providing for
7 educational improvement tax credit.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. The definition of "business firm" in section
11 2002-B of the act of March 10, 1949 (P.L.30, No.14), known as
12 the Public School Code of 1949, amended July 11, 2006 (P.L.1092,
13 No.114), is amended and the section is amended by adding a
14 definition to read:

15 Section 2002-B. Definitions.

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

19 "Business firm." An entity authorized to do business in this

Commonwealth and subject to taxes imposed under Article IV, VI, VII, [VII-A,] VIII, [VIII-A,] IX or XV of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971. The term shall include the shareholder, owner or member of a pass-through entity that is subject to liability for taxes under Article III of the Tax Reform Code of 1971.

* * *

"Pass-through entity." Any of the following:

(1) A partnership, limited partnership, limited liability company, business trust or other unincorporated entity that for Federal income tax purposes is taxable as a partnership.

(2) A Pennsylvania S corporation.

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Section 2. Section 2005-B of the act, amended December 23, 2003 (P.L.304, No.48) and July 4, 2004 (P.L.536, No.70), is amended to read:

Section 2005-B. Tax credit.

(a) Scholarship or educational improvement organizations.-- In accordance with section 2006-B(a), the Department of Revenue shall grant a tax credit against any tax due under Article III, IV, VI, VII, [VII-A,] VIII, [VIII-A,] IX or XV of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, to a business firm providing proof of a contribution to a scholarship organization or educational improvement organization in the taxable year in which the contribution is made which shall not exceed 75% of the total amount contributed during the taxable year by the business firm. Such credit shall not exceed [\$200,000] \$300,000 annually per business firm for contributions made to scholarship organizations or educational improvement

1 organizations.

2 (b) Additional amount.--The Department of Revenue shall
3 grant a tax credit of up to 90% of the total amount contributed
4 during the taxable year if the business firm provides a written
5 commitment to provide the scholarship organization or
6 educational improvement organization with the same amount of
7 contribution for two consecutive tax years. The business firm
8 must provide the written commitment under this subsection to the
9 department at the time of application.

10 (c) Pre-kindergarten scholarship organizations.--In
11 accordance with section 2006-B(a), the Department of Revenue
12 shall grant a tax credit against any tax due under Article III,
13 IV, VI, VII, [VII-A,] VIII, [VIII-A,] IX or XV of the "Tax
14 Reform Code of 1971" to a business firm providing proof of a
15 contribution to a pre-kindergarten scholarship organization in
16 the taxable year in which the contribution is made which shall
17 be equal to 100% of the first \$10,000 contributed during the
18 taxable year by the business firm, and which shall not exceed
19 90% of the remaining amount contributed during the taxable year
20 by the business firm. Such credit shall not exceed [\$100,000]
21 \$150,000 annually per business firm for contributions made to
22 pre-kindergarten scholarship organizations.

23 (d) Combination of tax credits.--A business firm may receive
24 tax credits from the Department of Revenue in any tax year for
25 any combination of contributions under subsection (a) or (b) or
26 (c). In no case may a business firm receive tax credits in any
27 tax year in excess of [\$200,000] \$300,000 for contributions
28 under subsections (a) and (b). In no case shall a business firm
29 receive tax credits in any tax year in excess of [\$100,000]
30 \$150,000 for contributions under subsection (c).

1 (e) Application to pass-through entities.--If a credit is
2 granted under this section to a Pennsylvania S corporation
3 against liability imposed under Article III of the Tax Reform
4 Code of 1971, a shareholder of the Pennsylvania S corporation is
5 entitled to a tax credit equal to the tax credit determined for
6 the Pennsylvania S corporation for the taxable year multiplied
7 by the percentage of the Pennsylvania S corporation's
8 distributive income to which the shareholder is entitled. If a
9 credit is granted under this section to a pass-through entity
10 other than a Pennsylvania S corporation against liability
11 imposed under Article III of the Tax Reform Code of 1971, an
12 owner or member of the pass-through entity is entitled to a tax
13 credit equal to the tax credit determined for the pass-through
14 entity for the taxable year multiplied by the percentage of the
15 pass-through entity's distributive income to which the owner or
16 member is entitled.

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