

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2568 Session of 2010

INTRODUCED BY VULAKOVICH, BOYD, BRADFORD, CALTAGIRONE, CLYMER, D. COSTA, CUTLER, EVERETT, GROVE, KAUFFMAN, METCALFE, MURT, PICKETT, RAPP, REESE, REICHLEY, ROAE, ROSS, SAYLOR, SCAVELLO, SIPTROTH, STEVENSON, SWANGER AND TURZAI, JUNE 9, 2010

REFERRED TO COMMITTEE ON FINANCE, JUNE 9, 2010

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," providing for an individual health insurance tax  
11 credit.

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

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

17 ARTICLE XVII-G

18 INDIVIDUAL HEALTH INSURANCE TAX CREDIT

19 Section 1701-G. Scope of article.

20 This article relates to individual health insurance tax  
21 credit.

1 Section 1702-G. Definitions.

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

5 "Department." The Department of Revenue of the Commonwealth.

6 "Insurer." A health insurance entity licensed in this  
7 Commonwealth to issue group health insurance, subscriber  
8 contracts, certificates or plans which provide medical or health  
9 care coverage by a health care facility or licensed health care  
10 provider and which are offered or governed under any of the  
11 following:

12 (1) The act of May 17, 1921 (P.L.682, No.284), known as  
13 The Insurance Company Law of 1921.

14 (2) The act of December 29, 1972 (P.L.1701, No.364),  
15 known as the Health Maintenance Organization Act.

16 (3) The act of May 18, 1976 (P.L.123, No.54), known as  
17 the Individual Accident and Sickness Insurance Minimum  
18 Standards Act.

19 (4) A nonprofit corporation subject to 40 Pa.C.S. Ch. 61  
20 (relating to hospital plan corporations) or 63 (relating to  
21 professional health services plan corporations).

22 "Qualified health insurance policy." Any individual or group  
23 health insurance policy, subscriber contract, certificate or  
24 plan which provides health or sickness and accident coverage  
25 which is offered, executed, issued or delivered by an insurer.  
26 The term does not include any of the following:

27 (1) Accident only.

28 (2) Credit.

29 (3) Long-term or disability income.

30 (4) Medicare supplement policy.

1       (5) Civilian Health and Medical Program of the Uniformed  
2       Services (CHAMPUS) supplement.

3       (6) Specified disease.

4       (7) Workers' compensation policy.

5       (8) Automobile medical payment policy.

6       (9) Fixed indemnity.

7       (10) Dental only.

8       (11) Vision only.

9       "Qualified tax liability." The liability for taxes imposed  
10      under Article III.

11      "Secretary." The Secretary of Revenue of the Commonwealth.

12      "Tax credit." The individual insurance tax credit authorized  
13      under this article.

14      "Taxpayer." An individual subject to payment of taxes under  
15      Article III. The term includes a sole proprietor.

16      Section 1703-G. Credit for health insurance contributions.

17      (a) Application.--A taxpayer who purchases a qualified  
18      health insurance policy in a taxable year may apply for a tax  
19      credit as provided in this article. By September 15, a taxpayer  
20      must submit an application to the department for the aggregate  
21      contribution made by the taxpayer to a qualified health  
22      insurance policy in the taxable year that ended in the prior  
23      calendar year.

24      (b) Computation.--A taxpayer that qualifies under subsection  
25      (a) may claim a tax credit of up to \$1,000.

26      (c) Notification.--By December 15 of the calendar year  
27      following the close of the taxable year during which the  
28      contribution to the qualified health insurance policy is made,  
29      the department shall notify the taxpayer of the amount of  
30      taxpayer's tax credit approved by the department.

1 Section 1704-G. Limitation on credits.

2 (a) Limit.--The total amount of credits approved by the  
3 department shall not exceed \$25,000,000 in any fiscal year.

4 (b) Availability of tax credits.--Tax credits under this  
5 article shall be made available by the department on a first-  
6 come-first-served basis within the limitations established under  
7 subsection (a).

8 Section 1705-G. Carryover, carryback, refund and assignment of  
9 credit.

10 (a) Carryover.--If the taxpayer cannot use the entire amount  
11 of the tax credit for the taxable year in which the tax credit  
12 is first approved, the excess may be carried over to succeeding  
13 taxable years and used as a credit against the qualified tax  
14 liability of the taxpayer for those taxable years. Each time  
15 that the tax credit is carried over to a succeeding taxable  
16 year, it is to be reduced by the amount that was used as a  
17 credit during the immediately preceding taxable year. The tax  
18 credit may be carried over and applied to succeeding taxable  
19 years for not more than ten taxable years for which the taxpayer  
20 was entitled to claim the credit.

21 (b) Application of credit.--A tax credit approved by the  
22 department for monetary contributions made to a qualified health  
23 insurance policy in a taxable year first shall be applied  
24 against the taxpayer's qualified tax liability for the current  
25 taxable year as of the date on which the credit was approved  
26 before the tax credit is applied against any tax liability under  
27 subsection (a).

28 (c) Prohibition.--A taxpayer is not entitled to assign,  
29 carry back or obtain a refund of an unused tax credit.

30 Section 1706-G. Report to General Assembly.

1     The secretary shall submit an annual report to the General  
2 Assembly indicating the effectiveness of the credit provided by  
3 this article no later than March 15 following the year in which  
4 the credits were approved. The report shall include the name of  
5 all taxpayers utilizing the credit as of the date of the report  
6 and the amount of credits approved and utilized by each  
7 taxpayer. Notwithstanding any law providing for the  
8 confidentiality of tax records, the information contained in the  
9 report shall be public information. The report may also include  
10 any recommendations for changes in the calculation or  
11 administration of the credit.

12 Section 1707-G. Regulations.

13     The department shall promulgate regulations necessary for the  
14 implementation and administration of this article.

15     Section 2. The addition of Article XVII-G of the act shall  
16 apply to tax years beginning after December 31, 2009.

17     Section 3. This act shall take effect immediately.