

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1485 Session of 2021

INTRODUCED BY QUINN, FREEMAN, D. WILLIAMS, TOMLINSON, ROTHMAN, KULIK, SMITH, CONKLIN, THOMAS, MADDEN, SCHLOSSBERG, HILL-EVANS, POLINCHOCK, BROOKS, RYAN, SCHLEGEL CULVER, DELLOSO, ZIMMERMAN, R. BROWN, STEPHENS, WARREN, CIRESI, ROZZI, STRUZZI, GILLEN AND PISCIOTTANO, MAY 26, 2021

REFERRED TO COMMITTEE ON VETERANS AFFAIRS AND EMERGENCY PREPAREDNESS, MAY 26, 2021

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," establishing the Active Volunteer First Responder  
11 Education Tax Credit Program.

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 XVIII-I

18 ACTIVE VOLUNTEER FIRST RESPONDER

19 EDUCATION TAX CREDIT

20 Section 1801-I. Scope of article.

This article relates to the Active Volunteer First Responder Tax Credit.

Section 1802-I. Definitions.

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

"Active volunteer first responder." A volunteer for a volunteer fire company or nonprofit emergency medical services agency who is certified under 35 Pa.C.S. § 79A23 (relating to certification).

"Approved institution of higher learning." Any of the following:

(1) A public college or technical institute that is established and operated in accordance with the provisions of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, by a local sponsor that provides a two-year, postsecondary, college-parallel, terminal-general, terminal-technical, out-of-school youth or adult education program or any combination of the programs.

(2) An institution that is part of the State System of Higher Education under Article XX-A of the Public School Code of 1949, and all branches and campuses of a State-owned institution.

"Approved program of education." A curriculum or course of study pursued at an approved institution of higher learning.

"Business firm." An entity authorized to do business in this Commonwealth and subject to taxes imposed under Article III, IV, VI, VII, VIII, IX, XV or XX or a tax imposed under Article XVI of the act of May 17, 1921 (P.L.682, No.284), known as The Insurance Company Law of 1921. The term includes a pass-through

1 entity, including a pass-through entity the purpose of which is  
2 making contributions under this article and whose shareholders,  
3 partners or members are composed of owners or employees of other  
4 business firms.

5 "Contribution." A donation of cash, personal property or  
6 services, the value of which is the net cost of the donation to  
7 the donor or the pro rata hourly wage, including benefits, of  
8 the individual performing the service.

9 "Department." The Department of Community and Economic  
10 Development of the Commonwealth.

11 "Eligible organization." An approved institution of higher  
12 learning that is determined to be eligible by the department.

13 "Eligible student." An active volunteer first responder who  
14 meets the following criteria:

15 (1) Is a resident of this Commonwealth.

16 (2) Has been an active volunteer first responder for a  
17 period of at least one year in this Commonwealth.

18 (3) Has enrolled as a student in an approved program of  
19 education at an approved institution of higher learning.

20 (4) Provides the approved institution of higher learning  
21 with a sworn or official statement by the Office of the State  
22 Fire Commissioner or the chief or president of the volunteer  
23 emergency medical services agency, attesting that the  
24 applicant is a member in good standing of the volunteer  
25 emergency medical services agency or volunteer fire company.

26 "Nonprofit emergency medical services agency." An emergency  
27 medical services agency, as defined in 35 Pa.C.S. § 8103  
28 (relating to definitions), that is chartered as a nonprofit  
29 corporation.

30 "Program." The Active Volunteer First Responder Education

1 Tax Credit Program established under section 1803-I(a).

2 "Scholarship." An award under this article to pay tuition  
3 and school-related fees to attend an approved institution of  
4 higher learning.

5 "School-related fees." A fee charged by an approved  
6 institution of higher learning to all students for books,  
7 instructional materials, technology equipment and services,  
8 uniforms and activities.

9 "Tax credit." The tax credit authorized under this article.

10 "Volunteer fire company." A nonprofit chartered corporation,  
11 association or organization, located in this Commonwealth that  
12 provides fire protection services and may offer other voluntary  
13 emergency services within this Commonwealth.

14 Section 1803-I. Active Volunteer First Responder Education Tax  
15 Credit Program.

16 (a) Establishment.--The Active Volunteer First Responder  
17 Education Tax Credit Program is established to assist active  
18 volunteer first responders with access to higher education by an  
19 approved institution of higher learning. The department shall  
20 administer the program.

21 (b) Eligible organization application.--In order to qualify  
22 for contributions under this article, an eligible organization  
23 must submit information to the department to confirm that the  
24 eligible organization offers accredited degrees or certificate  
25 programs. The information shall be submitted on a form provided  
26 by the department.

27 (c) Restriction on use of contributions.--The contributions  
28 received by an eligible organization from a business firm  
29 claiming a tax credit under this article must be used for  
30 scholarships awarded to eligible students.

1 (d) Publication.--The department shall do all of the  
2 following:

3 (1) Annually publish a list of each eligible  
4 organization under this section in the Pennsylvania Bulletin.

5 (2) Post and update the list under paragraph (1) as  
6 necessary on the publicly accessible Internet website of the  
7 department.

8 Section 1804-I. Business firm.

9 (a) Business firm application.--A business firm may apply to  
10 the department for a tax credit for contributions made to an  
11 eligible organization that appears on the list under section  
12 1803-I(d)(1) on a form provided by the department.

13 (b) Notification.--No later than 60 days after the  
14 organization or business firm has submitted the application  
15 required under this section, the department shall notify the  
16 eligible organization and business firm whether the eligible  
17 organization and business firm meet the requirements under this  
18 article for the fiscal year.

19 (c) Contributions.--A contribution by a business firm to an  
20 eligible organization must be made no later than 60 days  
21 following the approval of an application under subsection (b).

22 Section 1805-I. Award of scholarships.

23 (a) Eligible organizations.--An eligible organization shall  
24 award an eligible student a scholarship of up to \$5,000 per  
25 eligible student to attend an approved institution of higher  
26 learning. The award of a scholarship shall be based on  
27 enrollment status as follows:

28 (1) A full-time student who is enrolled in at least six  
29 credits per semester shall be eligible to receive a  
30 scholarship of up to \$5,000.

1       (2) A part-time student who is enrolled in at least  
2       three credits per semester shall be eligible to receive a  
3       scholarship of up to \$2,500.

4       (b) Requirements.--An eligible student must do all of the  
5       following:

6           (1) Apply to the department for a scholarship under the  
7           program.

8           (2) Be enrolled as a student at an approved institution  
9           of higher learning.

10          (3) Be enrolled as a student in an approved program of  
11          education.

12          (4) Obtain signatures on the application attesting to  
13          the individual's status as an active volunteer first  
14          responder of:

15               (i) the chief or president of the volunteer fire  
16               company or volunteer rescue company and another officer  
17               of the volunteer fire company or volunteer rescue  
18               company; or

19               (ii) the chief or president of the emergency medical  
20               services agency and another officer of the emergency  
21               medical services agency.

22          (5) Upon completion of an accredited degree or  
23          certificate program, maintain active volunteer first  
24          responder status for at least five years.

25       (c) Penalty.--If an eligible student does not maintain  
26       active volunteer first responder status for five years upon  
27       completion of approved program of education the eligible student  
28       must pay back 20% per year pro rata of the awarded scholarship.  
29       Section 1806-I. Grant of tax credit.

30       (a) General rule.--In accordance with section 1804-I, the

1 department shall grant a tax credit certificate. The certificate  
2 may be used against a tax liability owed to the Department of  
3 Revenue by a business firm that provides proof of a contribution  
4 to a provider in the taxable year in which the contribution is  
5 made. The business firm may apply the credit against any tax due  
6 under Article III, IV, VI, VII, VIII, IX or XV, except for any  
7 tax withheld by an employer under Article III.

8 (b) Availability of tax credits.--Tax credits under this  
9 section shall be made available by the department on a first-  
10 come, first-served basis.

11 (c) Limitation.--The tax credit may not exceed 50% of the  
12 total amount contributed by a business firm to an eligible  
13 organization during the taxable year of the business firm. The  
14 tax credit shall not exceed \$2,500 annually per business firm.

15 (d) Additional amount.--

16 (1) A business firm that contributes to a provider in  
17 two or more consecutive years shall qualify for a 90% tax  
18 credit for the contributions made in the second year and  
19 every consecutive year of making a contribution to a  
20 provider.

21 (2) Nothing under this paragraph may be construed to  
22 require a business firm to contribute to the same eligible  
23 organization every year in order for the business firm to  
24 qualify for a tax credit under this subsection.

25 (e) Pass-through entity.--

26 (1) If a pass-through entity does not intend to use  
27 each approved tax credit under this section, the pass-through  
28 entity may elect in writing to distribute for no  
29 consideration all or a portion of the credit to shareholders,  
30 members or partners in proportion to the percentage interest

1 of the shareholder, member or partner in distributions from  
2 the pass-through entity. The credits may be used by the  
3 shareholders, members or partners in the taxable year in  
4 which the contribution is made or in the taxable year  
5 immediately following the year in which the contribution is  
6 made. The election shall designate the year in which the  
7 distributed credits are to be used and shall be made  
8 according to procedures established by the Department of  
9 Revenue. A pass-through entity that received a distribution  
10 from a pass-through entity under this paragraph may make a  
11 distribution under this paragraph.

12 (2) A pass-through entity and a shareholder, member or  
13 partner of a pass-through entity may not claim the credit  
14 under this section for the same contribution.

15 (3) A shareholder, member or partner may not carry  
16 forward, carry back, obtain a refund of or sell or assign the  
17 credit.

18 (4) An individual shareholder, partner or member may  
19 apply a credit distributed under this section to income  
20 taxable under Article III to the shareholder, partner or  
21 member, to the spouse of the shareholder, partner or member  
22 or to both, if both the shareholder, partner or member and  
23 the spouse report income on a joint personal income tax  
24 return.

25 Section 1807-I. Amount of tax credit.

26 (a) Limitation.--The total aggregate amount of all tax  
27 credits approved under this article may not exceed \$10,000,000  
28 in a fiscal year.

29 (b) Activities.--A tax credit may not be approved for  
30 activities that are part of a business firm's normal course of



1 business.

2 (c) Tax liability.--

3 (1) A tax credit granted for any one taxable year may  
4 not exceed the tax liability of a business firm.

5 (2) A tax credit granted to a pass-through entity that  
6 elects to distribute the granted tax credit according to  
7 section 1806-I(a) for any one taxable year to a shareholder,  
8 member or partner may not exceed the tax liability of the  
9 shareholder, member or partner.

10 (d) Use.--A tax credit not used in the taxable year the  
11 contribution was made may not be carried forward or carried back  
12 and is not refundable or transferable.

13 Section 1808-I. Guidelines.

14 The department, in conjunction with the Department of  
15 Revenue, shall establish guidelines to implement this article  
16 within 90 days of the effective date of this section.

17 Section 1809-I. Limitation.

18 A business firm may not apply for a tax credit after the  
19 seventh fiscal year following the effective date of this  
20 section.

21 Section 2. The addition of Article XVIII-I of the act shall  
22 apply to taxable years commencing after December 31, 2020.

23 Section 3. This act shall take effect immediately.