

## AMENDMENTS TO HOUSE BILL NO. 262

Sponsor: SENATOR BROWNE

Printer's No. 233

1 Amend Bill, page 1, lines 1 through 11, by striking out all  
2 of said lines and inserting  
3 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An  
4 act relating to tax reform and State taxation by codifying  
5 and enumerating certain subjects of taxation and imposing  
6 taxes thereon; providing procedures for the payment,  
7 collection, administration and enforcement thereof; providing  
8 for tax credits in certain cases; conferring powers and  
9 imposing duties upon the Department of Revenue, certain  
10 employers, fiduciaries, individuals, persons, corporations  
11 and other entities; prescribing crimes, offenses and  
12 penalties," in sales and use tax, further providing for  
13 definitions, for imposition of tax, for exclusions from tax,  
14 for licenses, for persons required to make returns, for tax  
15 held in trust for the Commonwealth, for assessment, for  
16 collection of tax and for crimes and providing for class  
17 actions; in personal income tax, further providing for  
18 classes of income, providing for contributions for Veterans'  
19 Trust Fund, further providing for returns of married  
20 individuals, deceased or disabled individuals and fiduciaries  
21 and providing for paid tax return preparers and required  
22 information on personal income tax returns; in corporate net  
23 income tax, further providing for manufacturing innovation  
24 and reinvestment deduction; in realty transfer tax, further  
25 providing for definitions and for excluded transactions and  
26 providing for transfer of tax; in entertainment production  
27 tax credit, further providing for definitions, for carryover,  
28 carryback and assignment of credit, for limitations, for film  
29 production tax credit districts, for definitions, for  
30 carryover, carryback and assignment of tax credit and for  
31 limitations; in resource enhancement and protection tax  
32 credit, further providing for definitions, for Resource  
33 Enhancement and Protection Tax Credit Program, for tax  
34 credits, for project certification and for annual tax  
35 credits; in historic preservation incentive tax credit,  
36 further providing for definitions and for tax credit  
37 certificates, establishing the Historic Rehabilitation Tax  
38 Credit Administration Account, further providing for

1 carryover, carryback and assignment of credit, for pass-  
2 through entity, providing for annual report to General  
3 Assembly, further providing for application of Internal  
4 Revenue Code and for limitation and providing for recapture;  
5 in coal refuse energy and reclamation tax credit, further  
6 providing for definitions, for application and approval of  
7 tax credit and for limitation on tax credits; in tax credit  
8 for new jobs, further providing for application process; in  
9 city revitalization and improvement zones, further providing  
10 for definitions and for restrictions; in manufacturing and  
11 investment tax credit, further providing for definitions, for  
12 rural growth funds, for requirements, for rural growth fund  
13 failure to comply, for reporting obligations, for business  
14 firms, for tax credit certificates, for claiming the tax  
15 credit, for prohibitions, for revocation of tax credit  
16 certificates and for exit; in neighborhood assistance tax  
17 credit, further providing for definitions, for public policy  
18 and for tax credit; in keystone opportunity zones, keystone  
19 opportunity expansion zones and keystone opportunity  
20 improvement zones, providing for additional designations; in  
21 mixed-use development tax credit, further providing for  
22 mixed-use development tax credits; in inheritance tax,  
23 further providing for inheritance tax; in table game taxes,  
24 reenacting provisions relating to table game taxes and  
25 further providing for expiration; in strategic development  
26 areas, further providing for sales and use tax and for local  
27 sales and use tax; in computer data center equipment  
28 incentive program, further providing for limitations;  
29 providing for independent public schools; and making a  
30 related repeal.

31 Amend Bill, page 1, lines 14 through 22; page 2, lines 1  
32 through 9; by striking out all of said lines on said pages and  
33 inserting

34 Section 1. Section 201(n) and (p) of the act of March 4,  
35 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, are  
36 amended, clauses (b) and (g) are amended by adding subclauses  
37 and the section is amended by adding clauses to read:

38 Section 201. Definitions.--The following words, terms and  
39 phrases when used in this Article II shall have the meaning  
40 ascribed to them in this section, except where the context  
41 clearly indicates a different meaning:

42 \* \* \*

43 (b) "Maintaining a place of business in this Commonwealth."

44 \* \* \*

45 (3.5) (i) Engaging in any activity as a business by any  
46 person, either directly or through a subsidiary, representative  
47 or an agent, in connection with the lease, sale or delivery of  
48 tangible personal property into this Commonwealth or the

1 performance of services for use, storage or consumption or in  
2 connection with the sale or delivery for use in this  
3 Commonwealth of at least one hundred thousand dollars (\$100,000)  
4 during the preceding twelve-month calendar period.

5 (ii) For a marketplace facilitator, this activity includes  
6 all sales, leases and deliveries of tangible personal property,  
7 and all sales of services by the marketplace seller whose sales  
8 are facilitated through the marketplace facilitator's forum.

9 \* \* \*

10 (g) "Purchase price."

11 \* \* \*

12 (9) The purchase price of "malt or brewed beverages" sold by  
13 a "manufacturer of malt or brewed beverages" directly to the  
14 ultimate consumer for consumption on or off premises shall be  
15 twenty-five per cent of the retail sales price of the "malt or  
16 brewed beverages" sold for consumption on or off premises.

17 \* \* \*

18 (n) "Taxpayer." Any person required to pay or collect the  
19 tax imposed by this article, including a marketplace facilitator  
20 and a marketplace seller.

21 \* \* \*

22 (p) "Vendor." Any person maintaining a place of business in  
23 this Commonwealth, selling or leasing tangible personal  
24 property, or rendering services, the sale or use of which is  
25 subject to the tax imposed by this article, including a  
26 marketplace facilitator and a marketplace seller, but not  
27 including any employe who in the ordinary scope of employment  
28 renders services to his employer in exchange for wages and  
29 salaries.

30 \* \* \*

31 (eee) "Liquor." Liquor as that term is defined in the  
32 "Liquor Code."

33 (fff) "Malt or brewed beverages." Malt or brewed beverages  
34 as that term is defined in the "Liquor Code."

35 (ggg) "Manufacturer of malt or brewed beverages."  
36 Manufacturer of malt or brewed beverages as that term is defined  
37 in the "Liquor Code."

38 (hhh) "Forum." A place where sales at retail occur, whether  
39 physical or electronic. The term includes a store, a booth, an  
40 Internet website, a catalog or similar place.

41 (iii) "Marketplace facilitator." A person that facilitates  
42 the sale at retail of tangible personal property. For purposes  
43 of this article, a person facilitates a sale at retail if the  
44 person or an affiliated person:

45 (1) lists or advertises tangible personal property for sale  
46 at retail in any forum; and

47 (2) either directly or indirectly through agreements or  
48 arrangements with third parties, collects the payment from the  
49 purchaser and transmits the payment to the person selling the  
50 property.

51 The term includes a person that may also be a vendor.

1 (jjj) "Marketplace seller." A person that has an agreement  
2 with a marketplace facilitator to facilitate sales for the  
3 person.

4 (kkk) "Affiliated person." A person that, with respect to  
5 another person:

6 (1) has a direct or indirect ownership interest of more than  
7 five percent in the other person; or

8 (2) is related to the other person because a third person,  
9 or group of third persons who are affiliated with each other as  
10 defined in this subsection, holds a direct or indirect ownership  
11 interest of more than five percent in the related person.

12 (lll) "Animal housing facility." A roofed structure or  
13 facility, or a portion of the facility, used for occupation by  
14 livestock or poultry.

15 Section 2. Section 202(a) and (b) of the act are amended and  
16 the section is amended by adding a subsection to read:

17 Section 202. Imposition of Tax.--(a) There is hereby  
18 imposed upon each separate sale at retail of tangible personal  
19 property or services, as defined herein, within this  
20 Commonwealth a tax of six per cent of the purchase price, which  
21 tax shall, except as otherwise provided, be collected by the  
22 vendor or any other person required by this article from the  
23 purchaser, and shall be paid over to the Commonwealth as herein  
24 provided.

25 (b) There is hereby imposed upon the use, on and after the  
26 effective date of this article, within this Commonwealth of  
27 tangible personal property purchased at retail on or after the  
28 effective date of this article, and on those services described  
29 herein purchased at retail on and after the effective date of  
30 this article, a tax of six per cent of the purchase price, which  
31 tax shall be paid to the Commonwealth by the person who makes  
32 such use as herein provided, except that such tax shall not be  
33 paid to the Commonwealth by such person where he has paid the  
34 tax imposed by subsection (a) of this section or has paid the  
35 tax imposed by this subsection (b) to the vendor with respect to  
36 such use[.], or such vendor advertises or holds out or states to  
37 such person directly or indirectly subject to the conditions set  
38 forth in 268(b) that such vendor will pay the tax imposed by  
39 subsection (a) or this subsection for such person. The tax at  
40 the rate of six per cent imposed by this subsection shall not be  
41 deemed applicable where the tax has been incurred under the  
42 provisions of the "Tax Act of 1963 for Education."

43 \* \* \*

44 (h) (1) Notwithstanding any other provision of this  
45 article, Article II-B, the act of July 28, 1953 (P.L.723,  
46 No.230), known as the Second Class County Code, or Chapter 5 or  
47 6 of the act of June 5, 1991 (P.L.9, No.6), known as the  
48 Pennsylvania Intergovernmental Cooperation Authority Act for  
49 Cities of the First Class, the tax shall be imposed on a  
50 manufacturer of malt or brewed beverages with respect to sales  
51 of malt or brewed beverages sold by the manufacturer directly to

1 the ultimate consumer for consumption on or off premises.

2 (2) The tax imposed under clause (1) shall be paid and  
3 reported by the manufacturer of malt or brewed beverages to the  
4 department in the time and manner provided in this article.

5 (3) Notwithstanding any law to the contrary, a school  
6 district or local government authorized to impose a local  
7 alcoholic beverage tax under the act of June 10, 1971 (P.L.153,  
8 No.7), known as the First Class School District Liquor Sales Tax  
9 Act of 1971, or 53 Pa.C.S. § 8602 (relating to local financial  
10 support), may impose or continue to impose a local alcoholic  
11 beverage tax on the sale at retail of malt or brewed beverages  
12 made by a manufacturer of malt or brewed beverages to the  
13 ultimate consumer for consumption on or off premises at the same  
14 rate as authorized under the First Class School District Liquor  
15 Sales Tax Act of 1971 or 53 Pa.C.S. § 8602 and notwithstanding  
16 anything to the contrary in such laws or in a local law or  
17 ordinance in existence on the effective date of this section.

18 (4) The payment of the tax imposed under clause (1) shall  
19 eliminate the need for the ultimate consumer to pay or remit a  
20 sales or use tax on the related transaction or upon the  
21 subsequent use of the malt or brewed beverages.

22 Section 3. Section 204(49) of the act is amended and the  
23 section is amended by adding clauses to read:

24 Section 204. Exclusions from Tax.--The tax imposed by  
25 section 202 shall not be imposed upon any of the following:

26 \* \* \*

27 (49) The sale at retail or use of food and beverages by  
28 nonprofit associations which support sports programs or youth  
29 centers. For purposes of this clause, the phrases:

30 (i) "nonprofit association" means an entity which is  
31 organized as a nonprofit corporation or nonprofit unincorporated  
32 association under the laws of this Commonwealth or the United  
33 States or any entity which is authorized to do business in this  
34 Commonwealth as a nonprofit corporation or unincorporated  
35 association under the laws of this Commonwealth, including, but  
36 not limited to, youth or athletic associations, volunteer fire,  
37 ambulance, religious, charitable, fraternal, veterans, civic, or  
38 any separately chartered auxiliary of the foregoing, if  
39 organized and operated on a nonprofit basis;

40 (iv) "sports program" means baseball (including softball),  
41 football, basketball, soccer and any other competitive sport  
42 formally recognized as a sport by the United States Olympic  
43 Committee as specified by and under the jurisdiction of the  
44 Amateur Sports Act of 1978 (Public Law 95-606, 36 U.S.C. § 371  
45 et seq.), the Amateur Athletic Union or the National Collegiate  
46 Athletic Association. The term shall be limited to a program or  
47 that portion of a program that is organized for recreational  
48 purposes and whose activities are substantially for such  
49 purposes and which is primarily for participants who are 18  
50 years of age or younger or whose 19th birthday occurs during the  
51 year of participation or the competitive season, whichever is

1 longer. There shall, however, be no age limitation for programs  
2 operated for persons with physical handicaps or persons with  
3 mental retardation;

4 (v) "support" means:

5 (A) the funds raised from sales are used to pay the expenses  
6 of a sports program or a youth center; or

7 (B) the nonprofit association sells the food and beverages  
8 at a youth center or a location where a sports program is being  
9 conducted under this act[.];

10 (vi) "youth center" means a fixed location used exclusively  
11 for programs for individuals who are 19 years of age or younger  
12 as long as the programs are:

13 (A) conducted primarily by volunteers;

14 (B) designed to advance recreational, civic or moral  
15 objectives; and

16 (C) conducted by an organization that is qualified under  
17 section 501(c)(3) of the Internal Revenue Code of 1986 (Public  
18 Law 99-514, 26 U.S.C. § 501(c)(3)) and that has obtained an  
19 exemption number from the department as a charitable  
20 organization under clause (10).

21 \* \* \*

22 (71) The sale at retail or use of food and beverages by a  
23 volunteer firemen's organization to raise funds for the purposes  
24 of the volunteer firemen's organization.

25 (72) The sale at retail of building materials and supplies  
26 used for the construction or repair of an animal housing  
27 facility, regardless if the sale is made to the purchaser  
28 directly or pursuant to a construction contract.

29 Section 4. Sections 208(a), 215 and 225 of the act are  
30 amended to read:

31 Section 208. Licenses.--(a) Every person maintaining a  
32 place of business in this Commonwealth, with the exception of a  
33 marketplace seller who makes no sales outside a forum for which  
34 a marketplace facilitator is required to collect sales tax on  
35 the seller's behalf, selling or leasing services or tangible  
36 personal property, the sale or use of which is subject to tax  
37 and who has not hitherto obtained a license from the department,  
38 shall, prior to the beginning of business thereafter, make  
39 application to the department, on a form prescribed by the  
40 department, for a license. If such person maintains more than  
41 one place of business in this Commonwealth, the license shall be  
42 issued for the principal place of business in this Commonwealth.

43 \* \* \*

44 Section 215. Persons Required to Make Returns.--Every person  
45 required to pay tax to the department or collect and remit tax  
46 to the department, but not including a marketplace seller who  
47 solely makes sales through a marketplace facilitator that is  
48 required to collect sales tax on the seller's behalf and  
49 receives a certification from the marketplace facilitator that  
50 the marketplace facilitator will collect, report and remit the  
51 proper sales tax, shall file returns with respect to such tax.

1 Section 225. Tax Held in Trust for the Commonwealth.--All  
2 taxes collected by any person from purchasers in accordance with  
3 this article and all taxes collected by any person from  
4 purchasers under color of this article, including all taxes paid  
5 by any person who advertises or holds out or states, directly or  
6 indirectly, that such person will pay the tax for the purchaser,  
7 which have not been properly refunded by such person to the  
8 purchaser shall constitute a trust fund for the Commonwealth,  
9 and such trust shall be enforceable against such person, his  
10 representatives and any person (other than a purchaser to whom a  
11 refund has been made properly) receiving any part of such fund  
12 without consideration, or knowing that the taxpayer is  
13 committing a breach of trust: Provided, however, That any person  
14 receiving payment of a lawful obligation of the taxpayer from  
15 such fund shall be presumed to have received the same in good  
16 faith and without any knowledge of the breach of trust. Any  
17 person, other than a taxpayer, against whom the department makes  
18 any claim under this section shall have the same right to  
19 petition and appeal as is given taxpayers by any provisions of  
20 this part.

21 Section 5. Section 230 of the act is amended by adding  
22 subsections to read:

23 Section 230. Assessment.--\* \* \*

24 (c) A marketplace facilitator is relieved of liability under  
25 subsection (a) if the marketplace facilitator can show to the  
26 satisfaction of the department that the failure to collect the  
27 correct amount of tax was due to incorrect information given to  
28 the marketplace facilitator by a marketplace seller.

29 (d) A marketplace seller is relieved of liability under  
30 subsection (a) pertaining to those sales made through a  
31 marketplace facilitator, when the marketplace facilitator  
32 certifies to the seller that the marketplace facilitator will  
33 collect, report and remit the proper sales tax, unless the  
34 seller gave incorrect information to the marketplace  
35 facilitator.

36 Section 6. Section 237(b)(1) of the act is amended,  
37 subsection (b) is amended by adding a paragraph and the section  
38 is amended by adding subsections to read:

39 Section 237. Collection of Tax.--\* \* \*

40 (b) Collection by Persons Maintaining a Place of Business in  
41 the Commonwealth. (1) Every person maintaining a place of  
42 business in this Commonwealth and selling or leasing tangible  
43 personal property or services, with the exception of a  
44 marketplace seller who solely makes sales through a marketplace  
45 facilitator that is required to collect sales tax on the  
46 marketplace seller's behalf and receives a certification from  
47 the marketplace facilitator that the marketplace facilitator  
48 will collect, report and remit the proper sales tax, the sale or  
49 use of which is subject to tax shall collect the tax from the  
50 purchaser or lessee at the time of making the sale or lease, and  
51 shall remit the tax to the department, unless such collection

1 and remittance is otherwise provided for in this article.

2 \* \* \*

3 (1.2) (i) A vendor maintaining a place of business within  
4 this Commonwealth under section 201(b)(3.5) in calendar year  
5 2018 shall collect sales tax from July 1, 2019, through March  
6 31, 2020.

7 (ii) A vendor maintaining a place of business within this  
8 Commonwealth under section 201(b)(3.5) in calendar years after  
9 2018 shall collect sales tax from the second quarter, beginning  
10 April 1, of the following calendar year through the first  
11 quarter, ending March 31, of the next calendar year.

12 \* \* \*

13 (b.1) Collection by Marketplace Facilitators. A marketplace  
14 facilitator maintaining a place of business in this Commonwealth  
15 must collect and remit the sales tax on all sales, leases and  
16 deliveries of tangible personal property, and all sales of  
17 services, by marketplace sellers whose sales are facilitated  
18 through the marketplace facilitator's forum.

19 \* \* \*

20 (c.1) Authorization to Obtain Information. In lieu of the  
21 exemption certificate required under subsection (c), the  
22 department may authorize a vendor to obtain similarly specific  
23 information from the vendor's purchasers. This information  
24 includes, but is not limited to, the name and address of the  
25 purchaser and a valid basis for exemption. The purchases made  
26 pursuant to this subsection must be made with a verifiable  
27 source of payment connected to the specific purchaser. The  
28 information regarding each purchase shall be available at the  
29 time the return is filed for the period covering the purchase.  
30 The information shall be retained in accordance with section  
31 271. No such authority shall be granted or exercised, except  
32 upon application to and acceptance by the department, in the  
33 department's discretion. If authority is granted, it shall be  
34 subject to conditions specified by the department.

35 \* \* \*

36 Section 7. Section 268(b) of the act is amended to read:

37 Section 268. Crimes.--\* \* \*

38 (b) Other Crimes. (1) Except as otherwise provided by  
39 subsection (a) of this section, any person who advertises or  
40 holds out or states to the public or to any purchaser or user,  
41 directly or indirectly, that the tax or any part thereof imposed  
42 by this article will [be absorbed by such person, or that it  
43 will] not be added to the purchase price of the tangible  
44 personal property or services described in subclauses (2), (3),  
45 (4) and (11) through (18) of clause (k) of section 201 of this  
46 article [sold] or[, if added,] that the tax or any part thereof  
47 will be refunded, other than when such person refunds the  
48 purchase price because of such property being returned to the  
49 vendor, and any person selling or leasing tangible personal  
50 property or said services the sale or use of which by the  
51 purchaser is subject to tax hereunder, who, except as otherwise

1 provided, shall wilfully fail to collect the tax from the  
2 purchaser and timely remit the same to the department, and any  
3 person who shall wilfully fail or neglect to timely file any  
4 return or report required by this article or any taxpayer who  
5 shall refuse to timely pay any tax, penalty or interest imposed  
6 or provided for by this article, or who shall wilfully fail to  
7 preserve his books, papers and records as directed by the  
8 department, or any person who shall refuse to permit the  
9 department or any of its authorized agents to examine his books,  
10 records or papers, or who shall knowingly make any incomplete,  
11 false or fraudulent return or report, or who shall do, or  
12 attempt to do, anything whatever to prevent the full disclosure  
13 of the amount or character of taxable sales purchases or use  
14 made by himself or any other person, or shall provide any person  
15 with a false statement as to the payment of tax with respect to  
16 particular tangible personal property or said services, or shall  
17 make, utter or issue a false or fraudulent exemption  
18 certificate, shall be guilty of a misdemeanor, and, upon  
19 conviction thereof, shall be sentenced to pay a fine not  
20 exceeding one thousand dollars (\$1000) and costs of prosecution,  
21 or undergo imprisonment not exceeding one year, or both:  
22 Provided, however, [That any person maintaining a place of  
23 business outside this Commonwealth may absorb the tax with  
24 respect to taxable sales made in the normal course of business  
25 to customers present at such place of business without being  
26 subject to the above penalty and fines: and Provided further,  
27 That advertising tax-included prices shall be permissible, if  
28 the prepaid services are sold by the service provider, for  
29 prepaid telecommunications services not evidenced by the  
30 transfer of tangible personal property or for prepaid mobile  
31 telecommunications services.] That any person may advertise or  
32 hold out or state to the public or to any purchaser or user,  
33 directly or indirectly, that the tax or any part thereof imposed  
34 by this article will be absorbed and paid by such person subject  
35 to the following conditions:  
36 (i) Such person shall expressly state on any receipt,  
37 invoice, sales slip, or other similar document evidencing such  
38 sale given to the purchaser that such person will pay the tax  
39 imposed by this article on behalf of such purchaser and shall  
40 not indicate or imply that the transaction is exempt or excluded  
41 from any tax imposed by this article.  
42 (ii) Any receipt, invoice, sales slip, or other similar  
43 document evidencing a sale given to the purchaser shall  
44 separately state the amount of tax.  
45 (iii) Such person, when recording the sale in the person's  
46 books and records, shall separately state the purchase price and  
47 the tax.  
48 (iv) The amount of tax shall be calculated by multiplying  
49 the total purchase price by the rate of tax imposed by section  
50 202.  
51 (3) If any person advertises or holds out or states to the

1 public or to any purchaser or user, directly or indirectly, that  
2 such person will absorb and pay the tax, subject to the  
3 conditions of this subsection, such person shall be solely  
4 responsible and liable for any tax imposed by this article,  
5 notwithstanding any provisions of this article to the contrary  
6 and shall not be entitled to a refund of such tax.

7 \* \* \*

8 Section 8. The act is amended by adding a section to read:

9 Section 279. Class Actions.--A class action may not be  
10 brought against a marketplace facilitator on behalf of  
11 purchasers arising from or in any way related to an overpayment  
12 of sales or use tax collected by the marketplace facilitator,  
13 regardless of whether such action is characterized as a tax  
14 refund claim. Nothing in this subsection shall affect a  
15 purchaser's right to seek a refund from the department under  
16 other provisions of this article.

17 Section 9. (Reserved).

18 Section 10. Section 303(a)(5) and (a.7)(2) of the act are  
19 amended and subsection (a)(3) is amended by adding a  
20 subparagraph to read:

21 Section 303. Classes of Income.--(a) The classes of income  
22 referred to above are as follows:

23 \* \* \*

24 (3) Net gains or income from disposition of property. Net  
25 gains or net income, less net losses, derived from the sale,  
26 exchange or other disposition of property, including real  
27 property, tangible personal property, intangible personal  
28 property or obligations issued on or after the effective date of  
29 this amendatory act by the Commonwealth; any public authority,  
30 commission, board or other agency created by the Commonwealth;  
31 any political subdivision of the Commonwealth or any public  
32 authority created by any such political subdivision; or by the  
33 Federal Government as determined in accordance with accepted  
34 accounting principles and practices. For the purpose of this  
35 article:

36 \* \* \*

37 (viii) The term "net gains or income" and "net losses" shall  
38 not include gains or income or loss which are excluded from  
39 Federal taxation under section 1400Z-2 of the Internal Revenue  
40 Code of 1986 (Public Law 99-514, 26 U.S.C. § 1400Z-2), as  
41 amended. Net gains or net income, less net losses, which are  
42 excluded under this subparagraph shall be included in income to  
43 the extent they are included in gross income under section  
44 1400Z-2(b) of the Internal Revenue Code of 1986, as amended.  
45 Section 1400Z-2(c) of the Internal Revenue Code of 1986, as  
46 amended, shall apply in the computation of net gains or net  
47 income and net losses.

48 \* \* \*

49 (5) Dividends. The term "dividends" shall not include gains  
50 or income or loss which are excluded from Federal taxation under  
51 section 1400Z-2 of the Internal Revenue Code of 1986, as

1 amended. Gains or income or loss which are excluded under this  
2 subparagraph shall be included in income to the extent they are  
3 included in gross income under section 1400Z-2(b) of the  
4 Internal Revenue Code of 1986, as amended. Section 1400Z-2(c) of  
5 the Internal Revenue Code of 1986, as amended, shall apply in  
6 the computation of net gains or net income and net losses.

7 \* \* \*

8 (a.7) The following apply:

9 \* \* \*

10 (2) (i) The following shall not be subject to tax under  
11 this article:

12 (A) Any amount distributed from a qualified tuition program  
13 that is excludable from tax under section 529(c)(3)(B) of the  
14 Internal Revenue Code of 1986, as amended.

15 (B) Any rollover that is excludable from tax under section  
16 529(c)(3)(C) of the Internal Revenue Code of 1986, as amended.

17 (C) Undistributed earnings on a qualified tuition program.

18 (D) The value of a medal awarded by or prize money received  
19 from the United States Olympic Committee on account of  
20 competition in the Olympic Games or Paralympic Games.

21 (ii) A change in designated beneficiaries under section  
22 529(c)(3)(C) of the Internal Revenue Code of 1986, as amended,  
23 shall not constitute a taxable event under this article.

24 \* \* \*

25 Section 10.1. The act is amended by adding a section to  
26 read:

27 Section 315.14. Contribution for Veterans' Trust Fund.--(a)  
28 For taxable years beginning after December 31, 2019, the  
29 department shall provide a space on the Pennsylvania individual  
30 income tax return form whereby an individual may voluntarily  
31 designate a contribution, in any amount, to the Veterans' Trust  
32 Fund. The amount so designated shall be deducted from the tax  
33 refund to which the individual is entitled and shall not  
34 constitute a charge against the income tax revenues due to the  
35 Commonwealth.

36 (b) The department shall determine annually the total amount  
37 designated under this section, less reasonable administrative  
38 costs, and shall report the amount to the State Treasurer who  
39 shall transfer the amount to the Veterans' Trust Fund.

40 (c) The department shall provide adequate information  
41 concerning the checkoff for the Veterans' Trust Fund in its  
42 instructions which accompany the Pennsylvania income tax return  
43 forms. The information concerning the checkoff shall include the  
44 listing of an address furnished by the Department of Military  
45 and Veterans Affairs to which contributions may be sent by  
46 taxpayers wishing to contribute to this effort but who do not  
47 receive refunds.

48 (d) The Department of Military and Veterans Affairs shall  
49 report annually to the respective committees of the Senate and  
50 the House of Representatives which have jurisdiction over  
51 military and veterans affairs on the amount received via the

1 checkoff plan and how the funds were utilized.

2 Section 10.2. Section 331(g) of the act is amended to read:

3 Section 331. Returns of Married Individuals, Deceased or  
4 Disabled Individuals and Fiduciaries.--\* \* \*

5 (g) The return for an estate or trust shall be made and  
6 filed by the fiduciary. If two or more fiduciaries are acting  
7 jointly, the return may be made by any one of them. If the  
8 executor of the estate and trustee of the trust make an election  
9 under section 645 of the Internal Revenue Code of 1986 (Public  
10 Law 99-514, 26 U.S.C. § 645), as amended, to treat the income of  
11 the trust as part of the estate, the fiduciary may make and file  
12 a joint tax return for the estate and trust under this  
13 subsection for the taxable years when the trust income is  
14 reported as part of the estate income in accordance with section  
15 645 of the Internal Revenue Code of 1986, as amended. If the  
16 income tax liabilities of the estate and trust are filed on a  
17 joint tax return under this subsection, the tax liabilities of  
18 the estate and trust shall be joint and several. The provisions  
19 of subsection (d) shall be applicable to a joint tax return  
20 filed under this subsection.

21 Section 10.3. The act is amended by adding a section to  
22 read:

23 Section 336.3. Paid Tax Return Preparers; Required  
24 Information on Personal Income Tax Returns.--(a) For taxable  
25 years beginning on or after January 1, 2020, any personal income  
26 tax return prepared by a paid tax return preparer shall be  
27 signed by the paid tax return preparer and shall bear the paid  
28 tax return preparer's Internal Revenue Service preparer tax  
29 identification number.

30 (b) (1) The department may impose an administrative penalty  
31 of fifty dollars (\$50) on a paid tax return preparer each time  
32 the paid tax return preparer fails to sign the return or fails  
33 to provide the preparer's tax identification number.

34 (2) The maximum amount imposed on any individual paid tax  
35 return preparer under paragraph (1) shall not exceed twenty-five  
36 thousand dollars (\$25,000) per paid tax return preparer in a  
37 calendar year.

38 (c) As used in this section:

39 "Paid tax return preparer" shall mean a person who prepares  
40 for compensation, or employs one or more persons to prepare for  
41 compensation, a personal income tax return required to be filed  
42 under this act. Preparation of a substantial portion of a  
43 personal income tax return shall be treated as if it were the  
44 preparation of the personal income tax return.

45 Section 10.4. Section 407.7(a) and (d)(1) and (2) of the act  
46 are amended and subsection (d) is amended by adding paragraphs  
47 to read:

48 Section 407.7. Manufacturing Innovation and Reinvestment  
49 Deduction.--(a) In order to be eligible to receive a  
50 manufacturing innovation and reinvestment deduction, a taxpayer  
51 must demonstrate to the department a private capital investment

1 in excess of [one hundred million dollars (\$100,000,000)] sixty  
2 million dollars (\$60,000,000) for the creation of new or  
3 refurbished manufacturing capacity within three years of a  
4 designated start date.

5 \* \* \*

6 (d) [(1) Upon determining a taxpayer's satisfaction of the  
7 eligibility criteria, the department shall calculate the maximum  
8 allowable deduction that a taxpayer may claim against the  
9 taxpayer's taxable income under this article. The deduction  
10 shall be equal to five per cent of the private capital  
11 investment utilized in the creation of new or refurbished  
12 manufacturing capacity per tax year for a period of five years.

13 (2) A taxpayer may utilize the amount of the deduction in  
14 each year of the succeeding five tax years immediately following  
15 the department's satisfaction determination and the execution of  
16 a satisfaction commitment letter.]

17 (1.1) If the private capital investment is in excess of  
18 sixty million dollars (\$60,000,000), but not more than one  
19 hundred million dollars (\$100,000,000), the maximum allowable  
20 deduction shall be equal to thirty-seven and one-half per cent  
21 of the private capital investment utilized in the creation of  
22 new or refurbished manufacturing capacity. A taxpayer may  
23 utilize the deduction in an amount not to exceed seven and one-  
24 half per cent of the private capital investment utilized in the  
25 creation of new or refurbished manufacturing capacity in any one  
26 year of the succeeding ten tax years immediately following the  
27 department's satisfaction determination and the execution of a  
28 satisfaction commitment letter, up to the maximum allowable  
29 deduction.

30 (1.2) If the private capital investment exceeds one hundred  
31 million dollars (\$100,000,000), the maximum allowable deduction  
32 shall be equal to twenty-five per cent of the private capital  
33 investment utilized in the creation of new or refurbished  
34 manufacturing capacity. A taxpayer may utilize the deduction in  
35 an amount not to exceed five per cent of the private capital  
36 investment utilized in the creation of new or refurbished  
37 manufacturing capacity in any one year of the succeeding ten tax  
38 years immediately following the department's satisfaction  
39 determination and the execution of a satisfaction commitment  
40 letter, up to the maximum allowable deduction.

41 \* \* \*

42 Section 10.5. Section 1101-C of the act is amended by adding  
43 definitions to read:

44 Section 1101-C. Definitions.--The following words when used  
45 in this article shall have the meanings ascribed to them in this  
46 section:

47 "Agricultural production." As defined in section 3 of the  
48 act of June 30, 1981 (P.L.128, No.43), known as the  
49 "Agricultural Area Security Law."

50 \* \* \*

51 "Qualified beginner farmer." A person that:

1 (1) Has demonstrated experience in the agriculture industry  
2 or related field or has transferable skills as determined by the  
3 Department of Agriculture.

4 (2) Has not received Federal gross income from agricultural  
5 production for more than the ten most recent taxable years.

6 (3) Intends to engage in agricultural production within the  
7 borders of this Commonwealth and to provide the majority of the  
8 labor and management involved in that agricultural production.

9 (4) Has obtained written certification from the Department  
10 of Agriculture confirming qualified beginner farmer status.

11 \* \* \*

12 Section 10.6. Section 1102-C.3(18) of the act is amended by  
13 adding a subparagraph to read:

14 Section 1102-C.3. Excluded Transactions.--The tax imposed by  
15 section 1102-C shall not be imposed upon:

16 \* \* \*

17 (18) Any of the following:

18 \* \* \*

19 (vii) A transfer of real estate that is subject to an  
20 agricultural conservation easement established under authority  
21 of the act of June 30, 1981 (P.L.128, No.43), known as the  
22 "Agricultural Area Security Law," to a qualified beginner  
23 farmer.

24 \* \* \*

25 Section 10.7. The act is amended by adding a section to  
26 read:

27 Section 1102-C.6. Transfer of Tax.--(a) Subject to  
28 subsection (b), beginning July 31, 2019, and each July 31  
29 thereafter, the State Treasurer shall transfer from the General  
30 Fund to the Housing Affordability and Rehabilitation Enhancement  
31 Fund under Article IV-D of the act of December 3, 1959

32 (P.L.1688, No.621), known as the "Housing Finance Agency Law,"  
33 an amount equal to forty per cent of the difference between:

34 (1) the total amount of the tax imposed under section 1102-C  
35 and collected by the Commonwealth for the prior fiscal year; and

36 (2) the total dollar amount of such tax estimated for the  
37 fiscal year beginning July 1, 2014, and as contained in the  
38 final estimate signed by the Governor for that fiscal year as  
39 required by section 618 of the act of April 9, 1929 (P.L.177,  
40 No.175), known as "The Administrative Code of 1929."

41 (b) The amount transferred under subsection (a) may not  
42 exceed forty million dollars (\$40,000,000).

43 (c) Nothing in this section shall be construed to reduce or  
44 prohibit increased funding for the Housing Affordability and  
45 Rehabilitation Enhancement Fund or the Keystone Recreation, Park  
46 and Conservation Fund as provided in the "Housing Finance Agency  
47 Law" or other law.

48 Section 10.8. The definition of "postproduction expense" in  
49 section 1711-D of the act is amended and the section is amended  
50 by adding a definition to read:

51 Section 1711-D. Definitions.

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

4 \* \* \*

5 "Postproduction expense." A postproduction expense of  
6 original content for a film as follows:

7 (1) The term includes traditional, emerging and new  
8 work-flow techniques used in postproduction for any of the  
9 following:

10 (i) Picture, sound and music editorial, rerecording  
11 and mixing.

12 (ii) Visual effects.

13 (iii) Graphic design.

14 (iv) Original scoring.

15 (v) Animation.

16 (vi) Musical composition.

17 (vii) Mastering.

18 (viii) Dubbing.

19 (ix) The purchase of music rights if the following  
20 apply:

21 (A) The purchase is from a resident of this  
22 Commonwealth.

23 (B) The purchase is from an entity subject to  
24 taxation in this Commonwealth and the transaction is  
25 subject to taxation under Article III, IV or VI.

26 (2) The term does not include any of the following:

27 (i) Editing previously produced content for a film.

28 (ii) News or current affairs.

29 (iii) Talk shows.

30 (iv) Instructional videos.

31 (v) Content which contains obscene material or  
32 performances as defined in 18 Pa.C.S. § 5903(b).

33 \* \* \*

34 "Tax district capital investment." Investment within a film  
35 production tax credit district that may consist of new  
36 construction, renovation, real property improvement and a  
37 similar investment as well as other economic development  
38 expenditures within the Commonwealth arising directly from the  
39 investment.

40 Section 10.9. Section 1714-D(f) of the act is amended and  
41 the section is amended by adding a subsection to read:  
42 Section 1714-D. Carryover, carryback and assignment of credit.

43 \* \* \*

44 (f) Purchasers and assignees.--Except as [set forth in  
45 subsection (g)] provided in subsections (g) and (h), the  
46 following apply:

47 (1) The purchaser or assignee of all or a portion of a  
48 tax credit under subsection (e) shall immediately claim the  
49 credit in the taxable year in which the purchase or  
50 assignment is made.

51 (2) The amount of the tax credit that a purchaser or

1 assignee may use against any one qualified tax liability may  
2 not exceed 50% of such qualified tax liability for the  
3 taxable year.

4 (3) The purchaser or assignee may not carry forward,  
5 carry back or obtain a refund of or sell or assign the tax  
6 credit.

7 (4) The purchaser or assignee shall notify the  
8 Department of Revenue of the seller or assignor of the tax  
9 credit in compliance with procedures specified by the  
10 Department of Revenue.

11 \* \* \*

12 (h) Full utilization of tax credits.--A tax credit awarded  
13 under this article may be sold or assigned to a purchaser or  
14 assignee included in the same Federal consolidated tax return as  
15 permitted under sections 1501 and 1502 of the Internal Revenue  
16 Code of 1986 (Public Law 99-514, 26 U.S.C. §§ 1501 and 1502),  
17 filed by the taxpayer under subsection (a) to reduce or  
18 eliminate the qualified tax liability to the same extent  
19 allowable for the taxpayer under subsections (a), (b) and (c).  
20 Tax credits sold or assigned under this subsection are limited  
21 to the taxable year in which the purchase or assignment is made  
22 and may only be carried forward for the remainder of the carry-  
23 forward period of the original credit.

24 Section 11. Sections 1716-D(a) and 1716.2-D(b) of the act  
25 are amended to read:

26 Section 1716-D. Limitations.

27 (a) Cap.--Except for tax credits reissued under section  
28 [1761.1-D] 1716.1-D, in no case shall the aggregate amount of  
29 tax credits awarded in any fiscal year under this subarticle  
30 exceed [\$65,000,000] \$70,000,000. The department may, in its  
31 discretion, award in one fiscal year up to:

32 (1) Thirty percent of the dollar amount of film  
33 production tax credits available to be awarded in the next  
34 succeeding fiscal year.

35 (2) Twenty percent of the dollar amount of film  
36 production tax credits available to be awarded in the second  
37 successive fiscal year.

38 (3) Ten percent of the dollar amount of film production  
39 tax credits available to be awarded in the third successive  
40 fiscal year.

41 \* \* \*

42 Section 1716.2-D. Film production tax credit districts.

43 \* \* \*

44 (b) Criteria.--A film production tax credit district shall:

45 (1) Be at least 55 acres in size.

46 (2) Be located on deteriorated property.

47 (3) Be comprised of a parcel that is or will be occupied  
48 by two or more qualified businesses that:

49 (i) in the aggregate, make a tax district capital  
50 investment of at least \$400,000,000 [within the district]  
51 within [five] eight years after the effective date of the

1 designation of the district; and

2 (ii) are dedicated to film production activity,  
3 postproduction activity or other activities that directly  
4 or indirectly support film production activity occurring  
5 within the district or within this Commonwealth.

6 (4) Contain at least one qualified production facility  
7 and [six] two sound stages.

8 \* \* \*

9 Section 12. The definitions of "minimum rehearsal and tour  
10 requirements," "rehearsal expense," "rehearsal facility,"  
11 "taxpayer" and "tour expense" in section 1772-D of the act are  
12 amended and the section is amended by adding a definition to  
13 read:

14 Section 1772-D. Definitions.

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

18 \* \* \*

19 "Minimum rehearsal and tour requirements." During a tour,  
20 all of the following must occur:

21 (1) The purchase or rental of concert tour equipment  
22 delivered to a location in this Commonwealth, in an amount of  
23 at least \$3,000,000, from companies located and maintaining a  
24 place of business in this Commonwealth for use on the tour.

25 (2) A rehearsal at a qualified rehearsal facility for a  
26 minimum of 10 days.

27 (3) At least one concert performed at a class 1 venue.

28 (4) At least one concert performed at a venue which is  
29 located in a municipality other than the municipality in  
30 which the class 1 venue under paragraph (3) is located.

31 (5) The taxpayer shall maintain a place of business in  
32 the Commonwealth or employ a representative for the period  
33 beginning with the start date and ending with the award of  
34 tax certificates under section 1773-D(e).

35 \* \* \*

36 "Rehearsal expense." All of the following when incurred or  
37 will be incurred during a rehearsal:

38 (1) Compensation paid or to be paid to an individual  
39 employed in the rehearsal of the performance.

40 (2) Payment to a personal service corporation  
41 representing individual talent.

42 (3) Payment to a pass-through entity representing  
43 individual talent.

44 (4) The costs of construction, operations, editing,  
45 photography, staging, lighting, wardrobe and accessories.

46 (5) The cost of leasing vehicles.

47 (6) The cost of transportation of people or concert tour  
48 equipment to or from a train station, bus depot, airport or  
49 other transportation facility or directly from a residence or  
50 business entity.

51 (6.1) The cost of ground transportation of individuals

1 for an entire tour if the ground transportation is purchased  
2 or will be purchased from a transportation company  
3 maintaining a place of business in this Commonwealth and is  
4 provided or will be provided by a resident of this  
5 Commonwealth.

6 (6.2) The cost of ground transportation of concert tour  
7 equipment for an entire tour if the ground transportation is  
8 purchased or will be purchased from a transportation company  
9 maintaining a place of business in this Commonwealth and is  
10 provided or will be provided by a resident of this  
11 Commonwealth.

12 (7) The cost of insurance coverage[.] for an entire tour  
13 if the insurance coverage is purchased or will be purchased  
14 through an insurance agent maintaining a place of business in  
15 this Commonwealth.

16 (8) The cost of food and lodging.

17 (9) The cost of purchase or rental of concert tour  
18 equipment.

19 (10) The cost of renting a rehearsal facility.

20 (11) The cost of emergency or medical support services  
21 required to conduct a rehearsal.

22 "Rehearsal facility." As follows:

23 (1) A facility primarily used for rehearsals which is  
24 all of the following:

25 (i) Located within this Commonwealth.

26 (ii) Has a minimum of [25,000] 20,000 square feet of  
27 column-free, unobstructed floor space.

28 (2) The term does not include a facility at which  
29 concerts are capable of being held.

30 \* \* \*

31 "Representative." A person that meets all of the following  
32 criteria:

33 (1) Is authorized to communicate with the department on  
34 behalf of a taxpayer regarding an application submitted under  
35 section 1773-D(e).

36 (2) Maintains a place of business in this Commonwealth.

37 (3) Has substantial experience working with the  
38 Pennsylvania live events industry.

39 \* \* \*

40 "Taxpayer." A [concert tour promotion company, concert tour  
41 management company or other concert management company] musical  
42 performer or performers or a concert tour management company of  
43 a musical performer or performers subject to tax under Article  
44 III, IV or VI. The term does not include contractors or  
45 subcontractors of a [concert tour promotion company, concert  
46 tour management company or other concert management company]  
47 musical performer or performers or of a concert tour management  
48 company of a musical performer or performers.

49 \* \* \*

50 "Tour expense." As follows:

51 (1) Costs incurred or which will be incurred during a

1 tour for venues located in this Commonwealth. The term  
2 includes all of the following:

3 (i) A payment which is made or will be made by a  
4 recipient to a person upon which withholding will be made  
5 on the payment by the recipient as required under Part  
6 VII of Article III or a payment which is made or will be  
7 made to a person who is required to make estimated  
8 payments under Part VIII of Article III.

9 (ii) The cost of transportation of people [or  
10 concert touring equipment] which is incurred or will be  
11 incurred while transporting to or from a train station,  
12 bus depot, airport or other transportation facility or  
13 while transporting directly from a residence or business  
14 entity located in this Commonwealth, or which is incurred  
15 or will be incurred for transportation provided by a  
16 company which is subject to the tax imposed under Article  
17 III or IV.

18 (iii) The cost of leasing vehicles upon which the  
19 tax imposed by Article II will be paid or accrued.

20 [(iv) The cost of insurance coverage which is  
21 purchased or will be purchased through an insurance agent  
22 based in this Commonwealth.]

23 (v) The cost of purchasing or renting facilities and  
24 equipment from or through a resident of this Commonwealth  
25 or an entity subject to taxation in this Commonwealth.

26 (vi) The cost of food and lodging which is incurred  
27 or will be incurred from a facility located in this  
28 Commonwealth.

29 (vii) Expenses which are incurred or will be  
30 incurred in marketing or advertising a tour at venues  
31 located within this Commonwealth.

32 (viii) The cost of merchandise which is purchased or  
33 will be purchased from a company located within this  
34 Commonwealth and used on the tour.

35 (ix) A payment which is made or will be made to a  
36 personal service corporation representing individual  
37 talent if the tax imposed by Article IV will be paid or  
38 accrued on the net income of the corporation for the  
39 taxable year.

40 (x) A payment which is made or will be made to a  
41 pass-through entity representing individual talent for  
42 which withholding will be made by the pass-through entity  
43 on the payment as required under Part VII or VII-A of  
44 Article III.

45 (2) The term does not include development cost,  
46 including the writing of music or lyrics.

47 \* \* \*

48 Section 13. Sections 1775-D and 1777-D of the act are  
49 amended to read:

50 Section 1775-D. Carryover, carryback and assignment of tax  
51 credit.

1 (a) General rule.--If a recipient cannot use the entire  
2 amount of a tax credit for the taxable year in which the tax  
3 credit is first approved, the excess may be carried over to  
4 succeeding taxable years and used as a tax credit against the  
5 qualified tax liability of the recipient for those taxable  
6 years. Each time the tax credit is carried over to a succeeding  
7 taxable year, the tax credit shall be reduced by the amount that  
8 was used as a credit during the immediately preceding taxable  
9 year. The tax credit may be carried over and applied to  
10 succeeding taxable years for no more than three taxable years  
11 following the first taxable year for which the recipient was  
12 entitled to claim the tax credit.

13 (b) Application.--A tax credit approved by the department in  
14 a taxable year first shall be applied against the recipient's  
15 qualified tax liability for the current taxable year as of the  
16 date on which the tax credit was approved before the tax credit  
17 can be applied against tax liability under subsection (a).

18 (c) No carryback or refund.--A recipient shall not be  
19 entitled to carry back or obtain a refund of any portion of an  
20 unused tax credit granted to the recipient under this  
21 subarticle.

22 (d) Sale or assignment.--The following shall apply:

23 (1) A recipient, upon application to and approval by the  
24 department, may sell or assign, in whole or in part, a tax  
25 credit granted to the recipient under this subarticle.

26 (2) The department and the Department of Revenue shall  
27 jointly promulgate regulations for the approval of  
28 applications under this subsection.

29 (3) Before an application is approved, the Department of  
30 Revenue must make a finding that the recipient has filed all  
31 required State tax reports and returns for all applicable  
32 taxable years and paid any balance of State tax due as  
33 determined at settlement, assessment or determination by the  
34 Department of Revenue.

35 (4) Notwithstanding any other provision of law, the  
36 Department of Revenue shall settle, assess or determine the  
37 tax of a taxpayer under this subsection within 60 days of the  
38 filing of all required final returns or reports in accordance  
39 with section 806.1(a)(5) of the act of April 9, 1929  
40 (P.L.343, No.176), known as The Fiscal Code.

41 (e) Purchasers and assignees.--The following apply:

42 (1) The purchaser or assignee of all or a portion of a  
43 tax credit under subsection (d) shall immediately claim the  
44 tax credit in the taxable year in which the purchase or  
45 assignment is made.

46 (2) The amount of the tax credit that a purchaser or  
47 assignee may use against one qualified tax liability may not  
48 exceed 50% of the qualified tax liability for the taxable  
49 year.

50 (3) The purchaser or assignee may not carry forward,  
51 carry back or obtain a refund of or sell or assign the tax

1 credit.

2 (4) The purchaser or assignee shall notify the  
3 Department of Revenue of the seller or assignor of the tax  
4 credit in compliance with procedures specified by the  
5 Department of Revenue.

6 (f) Exception.--Notwithstanding any other provision of law  
7 to the contrary, a recipient which held a rehearsal after  
8 January 1, 2017, but before October 1, 2018, may use the tax  
9 credit granted to the recipient under this subarticle against  
10 the recipient's 2018 qualified tax liability or may sell or  
11 assign the tax credit granted to the recipient under this  
12 subarticle upon satisfaction of the recipient's 2018 qualified  
13 tax liability.

14 Section 1777-D. Limitations.

15 (a) Cap.--[Except as provided in this subsection, the  
16 department may not award tax credits for qualified rehearsal and  
17 tour expenses incurred or to be incurred related to more than  
18 five tours in a fiscal year.] The aggregate amount of tax  
19 credits awarded in a fiscal year under this subarticle may not  
20 exceed \$8,000,000. In a fiscal year, the department may, in the  
21 department's discretion, advance the award of tax credits for  
22 qualified rehearsal and tour expenses incurred or to be incurred  
23 [related to a maximum of two additional tours.] equal to  
24 \$2,000,000 of the tax credits available to be awarded in the  
25 succeeding fiscal year.

26 (b) Advance award of credits.--The advance award of tax  
27 credits under subsection (a) shall:

28 (1) count against the total [number of tours] amount of  
29 tax credits that the department may award [tax credits] for  
30 qualified rehearsal and tour expenses incurred or to be  
31 incurred related to a tour in that next succeeding fiscal  
32 year; and

33 (2) reduce the [number of tours] total amount of tax  
34 credits that the department may award [tax credits] for  
35 qualified rehearsal and tour expenses incurred or to be  
36 incurred related to a tour in that next succeeding fiscal  
37 year.

38 (c) Individual limitations.--The following shall apply:

39 (1) [A taxpayer may not be awarded more than \$800,000 of  
40 tax credits for a tour.] If a taxpayer's purchase or rental  
41 of concert tour equipment from companies located and  
42 maintaining a place of business in this Commonwealth for use  
43 on a tour is at least \$3,000,000 but less than \$4,000,000,  
44 the taxpayer may not be awarded more than \$800,000 of tax  
45 credits for the tour.

46 (1.1) If a taxpayer's purchase or rental of concert tour  
47 equipment from companies located and maintaining a place of  
48 business in this Commonwealth for use on a tour is at least  
49 \$4,000,000 but less than \$8,000,000, the taxpayer may not be  
50 awarded more than \$1,250,000 of tax credits for the tour.

51 (1.2) If a taxpayer's purchase or rental of concert tour

1 equipment from companies located and maintaining a place of  
2 business in this Commonwealth for use on a tour is at least  
3 \$8,000,000, the taxpayer may not be awarded more than  
4 \$2,000,000 of tax credits for the tour.

5 (2) Except as provided under paragraph (5), the  
6 aggregate amount of tax credits awarded by the department  
7 under section 1773-D(e) to a taxpayer for a tour with  
8 concerts at two class 1 venues or a class 1 venue and a class  
9 2 venue may not exceed 25% of the qualified rehearsal and  
10 tour expenses incurred or to be incurred.

11 (3) Except as provided under paragraph (5), the  
12 aggregate amount of tax credits awarded by the department  
13 under section 1773-D(e) to a taxpayer for a tour with  
14 concerts at a class 1 venue and a class 3 venue may not  
15 exceed 30% of the qualified rehearsal and tour expenses  
16 incurred or to be incurred.

17 (4) Except as provided under paragraph (5), the  
18 aggregate amount of tax credits awarded by the department  
19 under section 1773-D(e) to a taxpayer for a tour with  
20 concerts at a class 1 venue and a class 3 venue which does  
21 not serve alcohol may not exceed 35% of the qualified  
22 rehearsal and tour expenses incurred or to be incurred.

23 (5) In addition to the tax credits under paragraph (2),  
24 (3) or (4), a taxpayer is eligible for a tax credit in the  
25 amount of 5% of the qualified rehearsal and tour expenses  
26 incurred or to be incurred by the taxpayer if the taxpayer  
27 holds concerts at a total of two or more class 2 venues or  
28 class 3 venues.

29 (d) Qualified rehearsal facility.--To be considered a  
30 qualified rehearsal facility under this subarticle, the owner of  
31 a rehearsal facility shall provide evidence to the department to  
32 verify the development or facility specifications and capital  
33 improvement costs incurred for the rehearsal facility so that  
34 the threshold amounts set in the definition of qualified  
35 rehearsal facility under section 1772-D are satisfied, and, upon  
36 verification, the rehearsal facility shall be registered by the  
37 department officially as a qualified rehearsal facility.

38 (e) Waiver.--The department may make a determination that  
39 the financial benefit to this Commonwealth resulting from the  
40 direct investment in or payments made to Pennsylvania rehearsal  
41 and concert facilities outweighs the benefit of maintaining the  
42 60% Pennsylvania rehearsal expenses requirement contained in the  
43 definition of qualified rehearsal and tour expense under section  
44 1772-D. If the determination is made, the department may waive  
45 the requirement that 60% of a tour's aggregate rehearsal  
46 expenses be comprised of Pennsylvania rehearsal expenses.

47 Section 13.1. The definitions of "conservation plan,"  
48 "eligible applicants" and "riparian forest buffer" in section  
49 1702-E of the act are amended and the section is amended by  
50 adding definitions to read:  
51 Section 1702-E. Definitions.

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

4 \* \* \*

5 "Conservation plan." A United States Department of  
6 Agriculture Natural Resources Conservation Service plan,  
7 including a schedule for implementation, that identifies site-  
8 specific conservation best management practices on an  
9 agricultural operation.

10 \* \* \*

11 "Eligible applicants." [A business firm or an individual who  
12 is subject to the taxes imposed by Article III, IV, VI, VII,  
13 VIII, IX or XV.] Any of the following subject to the taxes  
14 imposed by Article III, IV, VI, VII, VIII, IX or XV:

15 (1) A business firm.

16 (2) An individual.

17 (3) Individuals filing jointly.

18 \* \* \*

19 "Manure management plan." A written site-specific plan that:

20 (1) outlines practices for the land application of  
21 manure and agricultural process wastewaters acceptable to the  
22 commission; and

23 (2) is developed to meet the requirements of 25 Pa. Code  
24 § 91.36(b) (relating to pollution control and prevention at  
25 agricultural operations).

26 \* \* \*

27 "Riparian forest buffer." An area of mostly trees or shrubs  
28 which is adjacent to and up-gradient from watercourses or water  
29 bodies and which meets standards established [by the United  
30 States Department of Agriculture Natural Resources and  
31 Conservation Service] or adopted by the commission.

32 \* \* \*

33 "Total maximum daily load" or "TMDL." The sum of individual  
34 waste load allocations for point sources, load allocations for  
35 nonpoint sources and natural quality and a margin of safety  
36 expressed in terms of mass per time, toxicity or other  
37 appropriate measures.

38 \* \* \*

39 Section 13.2. Sections 1703-E(b) (1), (2) and (5) and (c),  
40 1704-E(a) (2), (4) and (5), (b) (1) (i), (2) and (3) and (c), 1705-  
41 E(2) and (3), 1709-E, 1702-H, 1703-H, 1705-H(d) and (e) and  
42 1706-H(a) of the act are amended to read:

43 Section 1703-E. Resource Enhancement and Protection Tax Credit  
44 Program.

45 \* \* \*

46 (b) Limits.--The following limits shall apply:

47 (1) Except as set forth in paragraph (5), an eligible  
48 applicant may be granted a maximum of [\$150,000 in tax  
49 credits under this program] \$250,000 in tax credits in any  
50 consecutive seven-year period, calculated from the date the  
51 tax credit is issued.

1 (2) [No more than \$150,000 in tax credits shall be  
2 granted toward projects for an agricultural operation.] An  
3 agricultural operation may be granted a maximum of \$250,000  
4 in tax credits in any consecutive seven-year period,  
5 calculated from the date the tax credit is issued.

6 \* \* \*

7 (5) Notwithstanding paragraph (1), there shall be no  
8 limit on the amount of tax credits granted to a sponsor under  
9 subsection (e)[.], except the commission may establish annual  
10 aggregate limits on tax credits awarded to sponsors to ensure  
11 fair and equitable distribution of tax benefits to eligible  
12 applicants.

13 \* \* \*

14 (c) Carryover.--

15 (1) If the eligible applicant cannot use the entire  
16 amount of the tax credit for the taxable year in which the  
17 tax credit is first granted, then the excess may be carried  
18 over to succeeding taxable years and used as a credit against  
19 the qualified tax liability of the eligible applicant for  
20 those taxable years. Each time that the tax credit is carried  
21 over to a succeeding taxable year, it is to be reduced by the  
22 amount that was used as a credit during the immediately  
23 preceding taxable year. The tax credit provided by this  
24 article may be carried over and applied to succeeding taxable  
25 years for no more than 15 taxable years following the first  
26 taxable year for which the eligible applicant was entitled to  
27 claim the credit.

28 (2) A tax credit granted by the department shall be  
29 applied against the taxpayer's qualified tax liability for  
30 the current taxable year as of the date on which the credit  
31 was granted before the tax credit is applied against any tax  
32 liability under paragraph (1).

33 (2.1) A tax credit granted under this article may be  
34 applied to the tax liability of the spouse of an eligible  
35 applicant if both the eligible applicant and the spouse  
36 report income on a joint income tax return.

37 (3) A tax credit granted under this article shall not be  
38 carried back or refunded.

39 \* \* \*

40 Section 1704-E. Tax credits.

41 (a) General eligibility.--Projects shall be eligible for a  
42 tax credit as follows:

43 \* \* \*

44 (2) An agricultural operation shall have in place a  
45 current conservation plan[,] or a current agricultural  
46 erosion and sediment control plan if engaged in plowing and  
47 tilling, and a current nutrient management plan or manure  
48 management plan, if required, or the development of such  
49 plans shall be included in an application for a tax credit.

50 \* \* \*

51 (4) An agricultural operation with an uncompleted best

1 management practice of either a conservation plan or an  
2 agricultural erosion and sediment control plan if engaged in  
3 plowing and tilling or a nutrient management plan or manure  
4 management plan, if required, shall first include the  
5 remaining best management practices included in such plans in  
6 an application for a tax credit.

7 (5) A project shall meet the planning, design [and],  
8 construction and certification standards established by the  
9 commission. If standards do not exist for a best management  
10 practice approved by the commission, the commission may  
11 establish or approve planning, design, construction and  
12 certification standards for such a best management practice.

13 (b) Amount of tax credit.--

14 (1) A tax credit equal to 75% of the eligible costs  
15 under subsection (c) of a project authorized under section  
16 1707-E shall be granted for any of the following:

17 (i) Development of a voluntary or mandatory nutrient  
18 management plan or manure management plan.

19 \* \* \*

20 (2) A tax credit equal to 50% of the eligible costs  
21 under subsection (c) of a project authorized under section  
22 1707-E shall be granted for any of the following:

23 (i) For an agricultural operation, design and  
24 implementation of agricultural best management practices  
25 or the installation and use of equipment, provided that  
26 the best management practice or equipment is necessary to  
27 reduce existing sediment and nutrient pollution to  
28 surface waters. Such best management practices and  
29 equipment shall be identified by the commission and may  
30 include manure storage systems, alternative uses for  
31 manure, filter strips, grassed waterways, management  
32 intensive grazing systems and no-till planting equipment.

33 (ii) Design and implementation of best management  
34 practices necessary to exclude livestock access to  
35 streams through fencing, stabilized crossings and  
36 improved watering systems, if there is established and  
37 maintained a vegetated riparian or riparian forest buffer  
38 with a minimum width of 35 feet.

39 (iii) The remediation of legacy sediment, if the  
40 legacy sediment is exposed and discharges or threatens to  
41 discharge into surface waters as a result of acute stream  
42 bank erosion. The project shall meet standards  
43 established by the commission as being effective in  
44 mitigating or eliminating the harmful effects of legacy  
45 sediment.

46 [(3) A tax credit equal to 25% of the eligible costs  
47 under subsection (c) of a project authorized under section  
48 1707-E shall be granted for the remediation of legacy  
49 sediment if the legacy sediment is exposed and is discharging  
50 or threatens to discharge into surface waters as a result of  
51 acute stream bank erosion. The project shall meet standards

1 established by the commission as being effective in  
2 mitigating or eliminating the harmful effects of legacy  
3 sediment.]

4 (4) Notwithstanding any other provision of this section,  
5 a tax credit equal to 90% of the eligible costs under  
6 subsection (c) of a project authorized under section 1707-E  
7 may be granted for certain high-priority best management  
8 practices as determined by the commission and implemented  
9 within a watershed covered under an approved TMDL, including:

10 (i) Riparian forest buffers and their maintenance.

11 (ii) Livestock exclusion from streams and supporting  
12 practices.

13 (iii) Stream crossings.

14 (iv) Cover crops.

15 (v) Soil health best management practices as  
16 determined appropriate by the commission.

17 (vi) Other best management practices as determined  
18 appropriate by the commission.

19 (c) Costs of project.--

20 (1) The following shall be considered eligible costs of  
21 a project to which a tax credit may be applied:

22 (i) Project design, engineering and associated  
23 planning.

24 (ii) Project management costs, including  
25 contracting, document preparation and applications.

26 (iii) Project construction or installation.

27 (iv) Equipment, materials and all other components  
28 of projects eligible under subsection (a).

29 (v) Postconstruction inspections.

30 (vi) Interest payments on loans for project  
31 implementation for up to one year prior to the award of  
32 the tax credit.

33 (2) A tax credit shall not be applied to that portion of  
34 a project cost for which public funding was received.

35 (3) Eligible costs of a project shall include any of the  
36 services listed in paragraph (1) that may be provided by a  
37 conservation district.

38 (4) Notwithstanding any other provision of this article,  
39 tax credits for annual maintenance best management practices,  
40 such as cover crops, buffer maintenance and other annual  
41 practices approved by the commission, shall not exceed fixed  
42 rates or schedules established by the commission in annual  
43 program guidelines.

44 Section 1705-E. Project certification.

45 A project shall be certified by the commission as meeting  
46 standards under section 1704-E(a) (5) by the following:

47 \* \* \*

48 (2) riparian forest buffer: technical service provider  
49 or staff from a conservation district or USDA-NRCS approved  
50 by the commission;

51 (3) [nutrient management plan: nutrient management

1 specialist] nutrient management plan or manure management  
2 plan: a nutrient management specialist or any person trained  
3 and experienced in manure and nutrient management planning  
4 techniques and whose qualifications are acceptable to the  
5 commission; and

6 \* \* \*

7 Section 1709-E. Annual tax credits.

8 (a) Total amount.--The total amount of tax credits  
9 authorized by the commission shall not exceed [\$10,000,000]  
10 \$13,000,000 in any fiscal year.

11 (b) Chesapeake Bay watershed prioritization.--  
12 Notwithstanding any provision of this article to the contrary,  
13 the commission may reserve and target up to \$3,000,000 of the  
14 total amount under subsection (a) in any fiscal year for  
15 geographic areas and best management practices for nutrient and  
16 sediment reductions within the Chesapeake Bay watershed area.

17 Section 1702-H. Definitions.

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

21 "Commission." The Pennsylvania Historical and Museum  
22 Commission.

23 "Completed project." The completion of the [restoration]  
24 rehabilitation of a qualified historic structure in accordance  
25 with a qualified rehabilitation plan and the receipt of an  
26 occupancy certificate for the structure.

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

28 "Internal Revenue Code." The Internal Revenue Code of 1986  
29 (Public Law 99-514, 26 U.S.C. § 1 et seq.).

30 "Qualified expenditures." The costs and expenses incurred by  
31 a qualified taxpayer in the [restoration] rehabilitation of a  
32 qualified historic structure pursuant to a qualified  
33 rehabilitation plan and which are defined as qualified  
34 rehabilitation expenditures under section 47(c)(2) of the  
35 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §  
36 47(c)(2)).

37 "Qualified historic structure." A [commercial] building  
38 located in this Commonwealth that qualifies as a certified  
39 historic structure under section 47(c)(3) of the Internal  
40 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 47(c)(3)).

41 "Qualified rehabilitation plan." A plan to rehabilitate a  
42 qualified historic structure that is approved by the  
43 Pennsylvania Historical and Museum Commission as being  
44 consistent with the standards for rehabilitation and guidelines  
45 for rehabilitation of historic buildings as adopted by the  
46 United States Secretary of the Interior.

47 "Qualified tax liability." Tax liability imposed on a  
48 taxpayer under Article III, IV, VI, VII, VIII, IX, XI or XV,  
49 excluding any tax withheld by an employer under Article III.

50 "Qualified taxpayer." Any natural person, corporation,  
51 business trust, limited liability company, partnership, limited

1 liability partnership, association or any other form of legal  
2 business entity that:

3 (1) Is subject to a tax imposed under Article III, IV,  
4 VI, VII, VIII, IX, XI or XV, excluding any tax withheld by an  
5 employer under Article III.

6 (2) Owns a qualified historic structure.

7 "Region." A community action team region as established by  
8 the Department of Community and Economic Development.

9 "Workforce housing project." A completed project in which,  
10 for a period of seven years after the building is placed in  
11 service, at least 20% of the units meet the Department of  
12 Housing and Urban Development's definition of "affordable" for  
13 individuals earning 80% of the area median income.

14 Section 1703-H. Tax credit certificates.

15 (a) Application.--

16 (1) A qualified taxpayer may apply to the Department of  
17 Community and Economic Development for a tax credit  
18 certificate under this section.

19 (2) The application shall be on the form required by the  
20 Department of Community and Economic Development [and], shall  
21 include a qualified rehabilitation plan[.], shall state  
22 whether the project meets the definition of "workforce  
23 housing project" and, if applicable, shall include the plan  
24 for the project to meet the definition of "workforce housing  
25 project."

26 (3) [The application shall be filed on or before  
27 February 1 for qualified expenditures incurred and to be  
28 incurred in connection with the completed project.] The  
29 Department of Community and Economic Development shall  
30 establish an application processing fee. The fee structure  
31 shall be tiered based on the amount of tax credits requested  
32 and in no case shall exceed \$2,000.

33 (4) The proceeds of the fee under paragraph (3) shall be  
34 deposited into the Historic Rehabilitation Tax Credit  
35 Administration Account, which is established as a special  
36 fund in the State Treasury. The money in the account shall be  
37 appropriated on a continuing basis to the Department of  
38 Community and Economic Development and used by the commission  
39 and the Department of Community and Economic Development to  
40 offset the costs of the review of tax credit applications and  
41 awarding of tax credit certificates.

42 (5) The Department of Community and Economic Development  
43 shall begin accepting applications for credit certificates on  
44 October 1 and close the initial application period on October  
45 31.

46 (b) Review, recommendation and approval.--

47 (1) The Department of Community and Economic Development  
48 shall forward applications received under this section to the  
49 commission for review.

50 [(2) The commission shall review the proposed  
51 rehabilitation plan, verify that the building is a qualified

1 historic structure and recommend approval or disapproval to  
2 the Department of Community and Economic Development within  
3 30 days of receipt of the application. The commission shall  
4 notify the qualified taxpayer within 15 days of its  
5 determination.]

6 (2.1) The commission shall review the proposed  
7 rehabilitation plan in each application, verify that the  
8 building is a qualified historic structure and by December 1  
9 provide the Department of Community and Economic Development  
10 a list of eligible projects.

11 (2.2) The Department of Community and Economic  
12 Development shall allocate the credits and release a list of  
13 allocated projects within 15 days. Applicants with approved  
14 allocations shall be provided with an award letter.

15 (2.3) Any amount of tax credit certificates up to the  
16 annual program limit of \$5,000,000 not awarded within the  
17 initial application period shall be available on a first-  
18 come, first-served basis through a process determined by the  
19 Department of Community and Economic Development.

20 (3) The commission shall notify the Department of  
21 Community and Economic Development of verification of a  
22 completed project and notify the Department of Community and  
23 Economic Development of the amount of qualified expenditures  
24 incurred by the taxpayer in connection with the completed  
25 project.

26 (4) If the Department of Community and Economic  
27 Development has approved the application and received  
28 notification of a completed project, it shall issue the  
29 qualified taxpayer a tax credit certificate [by April 1]  
30 within 45 days of the receipt of an approved, completed  
31 project. A tax credit certificate issued under this section  
32 shall not exceed [25%] either:

33 (i) twenty-five percent of qualified expenditures  
34 determined by the commission to have been incurred by the  
35 qualified taxpayer in connection with the completed  
36 project[.]; or

37 (ii) thirty percent of qualified expenditures  
38 determined by the commission to have been incurred by the  
39 qualified taxpayer in connection with a workforce housing  
40 project.

41 (5) In granting tax credit certificates under this  
42 article, the Department of Community and Economic  
43 Development:

44 (i) Shall not grant more than [\$3,000,000]  
45 \$5,000,000 in tax credit certificates in any fiscal year  
46 exclusive of any tax credit certificates not awarded or  
47 returned from previous fiscal years.

48 (ii) Shall not grant more than \$500,000 in tax  
49 credit certificates to a single qualified taxpayer in any  
50 fiscal year.

51 (iii) Shall assure that credits are awarded in an

1 equitable manner to each region in this Commonwealth.  
2 However, credits allocated to a region that are unclaimed  
3 shall be promptly reallocated to eligible projects in  
4 other regions.

5 [(6) Tax credits under this article shall be made  
6 available on a first-come, first-served basis within the  
7 limitation established under subsection (b)(5).]

8 Section 1705-H. Carryover, carryback and assignment of credit.

9 \* \* \*

10 (d) Sale or assignment.--The following shall apply:

11 (1) A qualified taxpayer or a purchaser or assignee of a  
12 tax credit obtained under section 1703-H or a shareholder,  
13 member or partner of a pass-through entity that was  
14 transferred the tax credit or a portion of the tax credit  
15 from such pass-through entity subject to section 1706-H, upon  
16 application to and approval by the Department of Community  
17 and Economic Development, may sell or assign, in whole or in  
18 part, a tax credit granted to the qualified taxpayer under  
19 this article.

20 (2) Before an application is approved, the department  
21 must find that the applicant has filed all required State tax  
22 reports and returns for all applicable taxable years and paid  
23 any balance of State tax due as determined at settlement,  
24 assessment or determination by the department.

25 (e) Purchasers and assignees.--[The purchaser or assignee of  
26 all or a portion of a tax credit obtained under section 1703-H  
27 shall immediately claim the credit in the taxable year in which  
28 the purchase or assignment is made. The purchaser or assignee  
29 may not carry forward, carry back or obtain a refund of or sell  
30 or assign the tax credit. The purchaser or assignee shall notify  
31 the department of the seller or assignor of the tax credit in  
32 compliance with procedures specified by the department.]

33 (1) If a purchaser or assignee of all or a portion of a  
34 tax credit obtained under section 1703-H cannot use the  
35 entire amount of the tax credit for the taxable year in which  
36 the tax credit was purchased or assigned, the excess may be  
37 carried over to succeeding taxable years and used as a credit  
38 against the qualified tax liability of the purchaser or  
39 assignee for those taxable years.

40 (2) Each time a tax credit is carried over to a  
41 succeeding taxable year, the tax credit shall be reduced by  
42 the amount that was used as a credit during the immediately  
43 preceding taxable year.

44 (3) The tax credit may be carried over and applied to  
45 succeeding taxable years for not more than seven taxable  
46 years following the first taxable year for which the  
47 qualified taxpayer was entitled to claim the credit.

48 (4) The purchaser or assignee may not carry back the  
49 credit or obtain a refund.

50 Section 1706-H. Pass-through entity.

51 (a) General rule.--If a pass-through entity has any unused

1 tax credit under section 1705-H, it may elect, in writing,  
2 according to procedures established by the department, to  
3 transfer all or a portion of the credit to its shareholders,  
4 members or partners in proportion to the share of the entity's  
5 distributive income to which the shareholder, member or partner  
6 is entitled.

7 \* \* \*

8 Section 13.3. The act is amended by adding a section to  
9 read:

10 Section 1707.1-H. Annual report to General Assembly.

11 (a) Report on tax credit.--By October 1, 2020, and October 1  
12 of each year thereafter, the Department of Community and  
13 Economic Development shall submit a report on the tax credit  
14 under this article to:

15 (1) The chairperson and minority chairperson of the  
16 Appropriations Committee of the Senate.

17 (2) The chairperson and minority chairperson of the  
18 Appropriations Committee of the House of Representatives.

19 (3) The chairperson and minority chairperson of the  
20 Finance Committee of the Senate.

21 (4) The chairperson and minority chairperson of the  
22 Finance Committee of the House of Representatives.

23 (b) Report content.--The report shall include:

24 (1) The list of completed projects that have been  
25 awarded tax credits.

26 (2) The amount of Federal rehabilitation tax credits  
27 received by each completed project.

28 (3) The amount of State historic preservation incentive  
29 tax credits received by each completed project.

30 (4) Total project costs and the amount of private  
31 investment in each completed project.

32 (5) The total number of completed projects placed into  
33 service in the past year that were vacant for at least 12  
34 months prior to commencement of rehabilitation work.

35 (6) The total number of completed projects placed into  
36 service in the past year that had not paid property taxes for  
37 at least 12 months prior to the commencement of  
38 rehabilitation work.

39 (7) The total number of temporary construction jobs and  
40 permanent jobs created by completed projects placed into  
41 service in the prior year.

42 (8) The amount of workforce housing projects placed into  
43 service in the prior year.

44 (c) Information to be posted on public Internet website.--  
45 Notwithstanding any law providing for the confidentiality of tax  
46 records, the information in the report shall be public  
47 information and shall be posted on the Department of Community  
48 and Economic Development's publicly accessible Internet website.

49 (d) Review of tax credit program.--The Department of  
50 Community and Economic Development, in cooperation with the  
51 commission, shall undertake a review of the Historic

1 Preservation Incentive Tax Credit Program to determine the  
2 effectiveness of the program in preserving and rehabilitating  
3 the Commonwealth's historic structures and the impact these  
4 efforts have had on the stimulation of investment in this  
5 Commonwealth. The results of the review shall be included in the  
6 annual report due October 1, 2025.

7 Section 13.4. Sections 1708-H and 1709-H of the act are  
8 amended to read:

9 Section 1708-H. Application of Internal Revenue Code.

10 The provisions of section 47 of the Internal Revenue Code and  
11 the regulations promulgated regarding those provisions shall  
12 apply to the department's interpretation and administration of  
13 the credit provided under this article without regard to ratably  
14 allocating the credit over a five-year period as required by  
15 section 47(a) of the Internal Revenue Code. References to the  
16 Internal Revenue Code shall mean the sections of the Internal  
17 Revenue Code as existing on any date of interpretation of this  
18 article, except, if those sections of the Internal Revenue Code  
19 referenced in this article are repealed or terminated,  
20 references to the Internal Revenue Code shall mean those  
21 sections last having full force and effect without regard to  
22 ratably allocating the credit over a five-year period as  
23 required by section 47(a) of the Internal Revenue Code. If after  
24 repeal or termination the Internal Revenue Code sections are  
25 revised or reenacted, references in this article to Internal  
26 Revenue Code sections shall mean those revised or reenacted  
27 sections.

28 Section 1709-H. Limitation.

29 Taxpayers shall not be entitled to apply for historic  
30 preservation tax credits after [the seventh fiscal year  
31 following the effective date of this article] February 1, 2031.

32 Section 13.5. The act is amended by adding a section to  
33 read:

34 Section 1710-H. Recapture.

35 In the event that a tax credit or a portion of a tax credit  
36 is subject to recapture and the tax credit has been purchased,  
37 assigned or transferred, the Commonwealth shall pursue its  
38 recapture remedies and rights against the qualified taxpayer  
39 that applied for the credit. No redress shall be sought against  
40 an assignee, purchaser or transferee of the tax credit if the  
41 assignee, purchaser or transferee acquired the tax credit by way  
42 of an arm's-length transaction, for value and without notice of  
43 violation, fraud or misrepresentation.

44 Section 14. Section 1703-J of the act is amended by adding  
45 definitions to read:

46 Section 1703-J. Definitions.

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

50 \* \* \*

51 "Federal coal refuse reclamation tax credit amount." The

1 actual amount of tax credits obtained by an eligible facility  
2 under a Federal coal refuse reclamation tax credit program in  
3 the four Federal tax quarters that precede the fiscal year in  
4 which credits are awarded under section 1707-J(a).

5 "Federal coal refuse reclamation tax credit program." A  
6 program established under the Federal Internal Revenue Code that  
7 provides a tax credit for an eligible facility against Federal  
8 income taxes based upon the amount of coal refuse used at the  
9 eligible facility.

10 \* \* \*

11 Section 15. Section 1704-J(d) of the act is amended and the  
12 section is amended by adding a subsection to read:  
13 Section 1704-J. Application and approval of tax credit.

14 \* \* \*

15 (c.1) Netting of Federal tax credit.--If a Federal coal  
16 refuse reclamation tax credit program is adopted and becomes  
17 effective, the following shall apply:

18 (1) Each eligible facility shall report as part of its  
19 application under subsection (a) the Federal coal refuse  
20 reclamation tax credit amount received by the eligible  
21 facility for the four Federal tax quarters that immediately  
22 preceded the submittal of the application.

23 (2) The amount of tax credits received by an eligible  
24 facility as calculated under subsection (b) shall be reduced  
25 by the Federal coal refuse reclamation tax credit amount  
26 received by the eligible facility for the four Federal tax  
27 quarters that immediately preceded the submittal of the  
28 application under this section.

29 (d) Expiration.--The department may not approve an  
30 application for a tax credit under this article after December  
31 31, [2026] 2036.

32 Section 16. Section 1707-J(a) of the act is amended to read:  
33 Section 1707-J. Limitation on tax credits.

34 (a) Amount.--The total amount of tax credits issued by the  
35 department may not exceed \$7,500,000 in fiscal year 2016-2017  
36 [and \$10,000,000 in each fiscal year thereafter], \$10,000,000 in  
37 fiscal years 2017-2018 and 2018-2019 and \$20,000,000 in each  
38 fiscal year thereafter.

39 \* \* \*

40 Section 17. Section 1803-B of the act is amended by adding a  
41 subsection to read:  
42 Section 1803-B. Application process.

43 \* \* \*

44 (e) Expiration.--The department may not approve an  
45 application for a tax credit under this article after June 30,  
46 2020.

47 Section 17.1. The definition of "infrastructure" in section  
48 1802-C of the act is amended to read:

49 Section 1802-C. Definitions.

50 The following words and phrases when used in this article  
51 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 \* \* \*

3 "Infrastructure." Any improvements in or out of the zone  
4 [primarily] that the contracting authority determines to be  
5 related to the development of [and required by] a facility in  
6 the zone, including, but not limited to, improvements to  
7 utilities, water, sewer, storm water, parking, road improvements  
8 or telecommunications within the city or municipality or within  
9 a municipality contiguous to that city or municipality.

10 \* \* \*

11 Section 17.2. Section 1813-C(a) of the act is amended by  
12 adding a paragraph to read:

13 Section 1813-C. Restrictions.

14 (a) Utilization.--Money transferred under section 1812-C may  
15 only be utilized for the following:

16 \* \* \*

17 (1.1) Payment of debt service on bonds issued or  
18 refinanced to establish a revolving loan fund that will  
19 provide financial assistance in the form of a loan to a  
20 qualified business acquiring property for the business,  
21 constructing a new facility, reconstructing or renovating an  
22 existing facility or acquiring new equipment to be used by  
23 the qualifying business in a zone.

24 \* \* \*

25 Section 18. The definitions of "principal business  
26 operations," "rural business" and "rural growth investment" in  
27 section 1822-G of the act are amended and the section is amended  
28 by adding definitions to read:

29 Section 1822-G. Definitions.

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

33 \* \* \*

34 "Full-time equivalent employee." The quotient obtained by  
35 dividing the total number of hours for which employees were  
36 compensated for employment over the preceding 12-month period by  
37 2,080.

38 \* \* \*

39 "Jobs created." Full-time equivalent employee positions  
40 that:

- 41 (1) Are created by the rural business.  
42 (2) Are currently located in this Commonwealth.  
43 (3) Were not located in this Commonwealth at the time of  
44 the rural growth investment in the rural business.  
45 (4) Pay at least 150% of the Federal or State minimum  
46 wage, whichever is greater.

47 "Jobs retained." Full-time equivalent employee positions  
48 that:

- 49 (1) Are located in this Commonwealth.  
50 (2) Existed before the initial rural growth investment  
51 in the rural business.

1           (3) Pay at least 150% of the Federal or State minimum  
2           wage, whichever is greater.

3           (4) Would have been lost or moved out of this  
4           Commonwealth had a rural growth investment not been made, as  
5           certified in writing by an executive officer of the rural  
6           business and approved by the department.

7           "Principal business operations." The place or places where  
8 at least 60% of a rural business' employees work or where  
9 employees that are paid at least 60% of the business' payroll  
10 work. An out-of-State business that has agreed to relocate  
11 employees or an in-State business that has agreed to hire  
12 employees using the proceeds of a rural growth investment to  
13 establish principal business operations in a rural area in this  
14 Commonwealth shall be deemed to have the principal business  
15 operations in this new location if the business satisfies this  
16 definition within 180 days after receiving the rural growth  
17 investment, unless the department agrees to a later date.

18           \* \* \*

19           "Rural business." A business that, at the time of the  
20 initial rural growth investment in the business by a rural  
21 growth fund, meets the following conditions:

22           (1) Has fewer than [250] 150 employees and not more than  
23 \$15,000,000 in net income as determined by generally accepted  
24 accounting principles for the preceding calendar year.

25           (2) Has principal business operations in one or more  
26 rural areas in this Commonwealth.

27           (3) Is engaged in industries related to manufacturing,  
28 plant sciences, services or technology or, if not engaged in  
29 those industries, the department makes a determination that  
30 the investment will be highly beneficial to the economic  
31 growth of this Commonwealth.

32           \* \* \*

33           "Rural growth investment." A capital or equity investment in  
34 a rural business or any loan to a rural business with a stated  
35 maturity at least one year after the date of issuance. A secured  
36 loan or a revolving line of credit provided to a rural business  
37 is a rural growth investment only if the growth fund obtains an  
38 affidavit from the president or chief executive officer or  
39 equivalent position of the rural business attesting that the  
40 rural business sought and was denied similar financing from a  
41 commercial bank.

42           "State repayment amount." The amount by which the rural  
43 growth fund's credit-eligible capital contributions exceed the  
44 product obtained by multiplying \$30,000 by the aggregate number  
45 of jobs created and jobs retained reported in annual reports  
46 under section 1827-G(b).

47           \* \* \*

48           Section 19. Sections 1824-G(b)(2) and (3), (d)(4) and (e),  
49 1825-G(a)(2), 1826-G(a), 1827-G, 1828-G(c), 1829-G(b)(2.1) and  
50 (3), 1830-G(a), 1832-G(c), 1833-G(a) and 1834-G(a) of the act  
51 are amended to read:

1 Section 1824-G. Rural growth funds.

2 \* \* \*

3 (b) Information.--An application to qualify as a rural  
4 growth fund shall include all of the following:

5 \* \* \*

6 (2) Documents and other evidence sufficient to prove to  
7 the satisfaction of the department that the applicant meets  
8 all of the following criteria:

9 (i) The applicant or an affiliate of the applicant  
10 is licensed as a rural business investment company under  
11 the Consolidated Farm and Rural Development Act (Public  
12 Law 87-128, 75 Stat. 307) or as a small business  
13 investment company under the Small Business Investment  
14 Act of 1958 (Public Law 85-699, 72 Stat. 689).

15 (ii) Evidence that as of the date the application is  
16 submitted, the applicant or affiliates of the applicant  
17 have invested at least \$100,000,000 in nonpublic  
18 companies located in rural areas of this Commonwealth or  
19 other states.

20 (iii) At least one principal in a rural business  
21 investment company or a small business investment company  
22 has been an officer or employee of the applicant or of an  
23 affiliate of the applicant for at least four years prior  
24 to the date the application is submitted.

25 (3) An estimate of the number of jobs [that will be]  
26 created or retained in this Commonwealth [as a result of]  
27 that will result from the applicant's rural growth  
28 investments.

29 \* \* \*

30 (d) Notice of approval or disapproval.--

31 \* \* \*

32 (4) An applicant may resubmit the application within 30  
33 days after receipt of a notice of disapproval[.] and provide  
34 additional information to complete, clarify or cure defects  
35 identified in the application by the department. The  
36 department shall consider that application submitted before  
37 any pending applications submitted after the date the  
38 application was originally submitted.

39 (e) Request for determination.--A rural growth fund, before  
40 making a rural growth investment, may request from the  
41 department a written opinion as to whether the business in which  
42 the rural growth fund [proposed] proposes to invest is a rural  
43 business. The department shall notify the rural growth fund of  
44 the determination within 15 days after receipt of the request.  
45 If the department fails to notify a rural growth fund of the  
46 determination within 15 days, the business in which the rural  
47 growth fund proposes to invest shall be considered a rural  
48 business.

49 \* \* \*

50 Section 1825-G. Requirements.

51 (a) Collections.--Upon receiving approval under section

1 1824-G, a rural growth fund must do all of the following within  
2 60 days:

3 \* \* \*

4 (2) Collect one or more investments of cash that, when  
5 added to the contributions collected under paragraph (1),  
6 equal the rural growth fund's investment authority. At least  
7 10% of the rural growth fund's investment authority shall be  
8 comprised of equity investments contributed, directly or  
9 indirectly, by affiliates of the rural growth fund, including  
10 employees, officers and directors of the affiliates.

11 \* \* \*

12 Section 1826-G. Rural growth fund failure to comply.

13 (a) Revocation.--If a rural growth fund fails to meet the  
14 requirements of section 1825-G, the rural growth fund's approval  
15 shall be revoked, and, the corresponding investment authority  
16 and credit-eligible capital contributions may not be included in  
17 determining the limits on total investment authority and credit-  
18 eligible capital contributions prescribed in sections 1824-G(f)  
19 and 1828-G(c), respectively.

20 \* \* \*

21 Section 1827-G. Reporting obligations.

22 (a) Initial report.--Each rural growth fund shall submit a  
23 report to the department on or before the fifth business day  
24 after the second anniversary of the closing date. The report  
25 shall provide documentation as to the rural growth fund's rural  
26 growth investments and include the following information:

27 (1) A bank statement evidencing each rural growth  
28 investment.

29 (2) The name, location and industry of each business  
30 receiving a rural growth investment, including either the  
31 determination letter issued by the department under section  
32 1824-G(e) or other evidence that the business qualified as a  
33 rural business at the time the investment was made.

34 (3) [The number of jobs created or retained as a result  
35 of the fund's rural growth investments as of the last day of  
36 the preceding calendar year.]

37 (4) Any other information required by the department.

38 (5) A copy of the commitment letter or summary of the  
39 terms and conditions of the rural growth investment offered  
40 to and accepted by the rural business.

41 (b) Annual report.--No later than March 1 of each year  
42 following the [year in which the report required under  
43 subsection (a) is due,] closing date the rural growth fund shall  
44 submit an annual report to the department that includes the  
45 following information:

46 (1) The number of jobs created [or retained as a result  
47 of the fund's rural growth investments as of the last day of  
48 the preceding calendar year.] and retained by each rural  
49 business. The number of jobs created and retained shall be  
50 calculated as follows:

51 (i) The number of jobs created by a rural business

1 is calculated each year by subtracting the number of  
2 full-time equivalent employee positions in this  
3 Commonwealth at the time of the initial rural growth  
4 investment in the rural business from the monthly average  
5 of those employment positions for that year. If the  
6 number calculated is less than zero, the number shall be  
7 reported as zero. The monthly average of full-time  
8 equivalent employee positions for a year is calculated by  
9 adding together the number of full-time equivalent  
10 employee positions existing on the last day of each month  
11 of the year and dividing by 12.

12 (ii) The number of jobs retained by a rural business  
13 is calculated each year based on the monthly average of  
14 full-time equivalent employee positions for that year.  
15 The monthly average of full-time equivalent employee  
16 positions for a year is calculated by adding together the  
17 number of full-time equivalent employee positions  
18 existing on the last day of each month of the year and  
19 dividing by 12. The reported number of jobs retained for  
20 a year may not exceed the number reported on the annual  
21 report under this subsection. The rural growth fund shall  
22 reduce the number of jobs retained for a year if  
23 employment at the rural business drops below the number  
24 reported on the annual report.

25 (1.1) If not provided under subsection (a) (2), the name  
26 and location of each business receiving a rural growth  
27 investment, including either the determination letter issued  
28 by the department under section 1824-G(e) or other evidence  
29 that the business qualified as a rural business at the time  
30 the investment was made.

31 (2) The average [annual salary] hourly wage of the jobs  
32 reported in paragraph (1).

33 (3) Any other information required by the department.  
34 (c) Report of rural business.--

35 (1) No later than March 1 of each year following the  
36 year in which the report required under subsection (a) is  
37 due, a rural business that receives a rural growth investment  
38 shall submit the following information on a form required by  
39 the department:

40 (i) The number of jobs existing at the rural  
41 business prior to the rural growth investment.

42 (ii) The number of new jobs created as a result of  
43 the rural growth investment.

44 (iii) The number of jobs retained as a result of the  
45 rural growth investment.

46 (2) Failure by the rural business to submit the report  
47 may result in the reduction of investment authority or credit  
48 eligible contribution authority of the rural growth fund.

49 Section 1828-G. Business firms.

50 \* \* \*

51 (c) Limitation.--The department may not approve more than

1 [\$4,000,000] \$30,000,000 in credit-eligible capital  
2 contributions under this part.

3 Section 1829-G. Tax credit certificates.

4 \* \* \*

5 (b) Review, recommendation and approval.--

6 \* \* \*

7 (2.1) [A tax credit] Tax credits awarded under this  
8 section to a business firm shall not exceed [90%] the amount  
9 of the credit-eligible capital contributions made by [a] the  
10 business firm.

11 (3) In awarding tax credit certificates under this part,  
12 the department:

13 (i) Beginning with fiscal year [2017-2018] 2019-  
14 2020, may not award tax credit certificates that would  
15 result in the utilization of more than [\$1,000,000]  
16 \$6,000,000 in tax credits in any fiscal year, except for  
17 tax credits carried forward.

18 (ii) May not award more than [\$4,000,000]  
19 \$30,000,000 in tax credit certificates, in the aggregate,  
20 under this part.

21 Section 1830-G. Claiming the tax credit.

22 (a) Presentation.--Beginning July 1, [2017] 2019, upon  
23 presenting a tax credit certificate to the Department of  
24 Revenue, a business firm may claim a tax credit of up to [25%]  
25 20% of the amount awarded under section 1829-G for each of the  
26 taxable years that includes the third, fourth, fifth [and],  
27 sixth and seventh anniversaries of the closing date, exclusive  
28 of any tax credit amounts carried over under section 1831-G(b).

29 \* \* \*

30 Section 1832-G. Prohibitions.

31 \* \* \*

32 (c) Business activities.--Neither a rural growth fund nor  
33 any business firm that invests in the rural growth fund shall be  
34 an affiliate of or have a pecuniary interest in a rural business  
35 that receives a rural growth investment from the rural growth  
36 fund prior to the rural growth fund's initial rural growth  
37 investment in the rural business.

38 Section 1833-G. Revocation of tax credit certificates.

39 (a) Revocation.--The department shall revoke a tax credit  
40 certificate awarded under section 1829-G if any of the following  
41 occur with respect to a rural growth fund before the rural  
42 growth fund exits the program under section 1834-G:

43 (1) The rural growth fund in which the credit-eligible  
44 capital contribution was made does not invest all of its  
45 investment authority in rural growth investments in this  
46 Commonwealth within [two] three years of the closing date  
47 with at least 25% of its investment authority initially  
48 invested in rural businesses engaged in manufacturing.

49 (2) The rural growth fund, after satisfying the  
50 conditions of paragraph (1), fails to maintain rural growth  
51 investments equal to 100% of its investment authority until

1 the [sixth] seventh anniversary of the closing date. For the  
2 purposes of this paragraph, [an] a rural growth investment is  
3 "maintained" even if the rural growth investment is sold or  
4 repaid so long as the rural growth fund reinvests an amount  
5 equal to the capital returned or recovered by the rural  
6 growth fund from the original rural growth investment,  
7 exclusive of any profits realized, in other rural growth  
8 investments in this Commonwealth within 12 months of the  
9 receipt of the capital. Amounts received periodically by a  
10 rural growth fund shall be treated as continually invested in  
11 rural growth investments if the amounts are reinvested in one  
12 or more rural growth investments by the end of the following  
13 calendar year. A rural growth fund is not required to  
14 reinvest capital returned from rural growth investments after  
15 the [fifth] sixth anniversary of the closing date, and the  
16 rural growth investments shall be considered held  
17 continuously by the rural growth fund through the [sixth]  
18 seventh anniversary of the closing date.

19 (3) The rural growth fund, before exiting the program in  
20 accordance with section 1834-G, makes a distribution or  
21 payment that results in the rural growth fund having less  
22 than 100% of its investment authority invested in rural  
23 growth investments in this Commonwealth or available for  
24 investment in rural growth investments and held in cash and  
25 other marketable securities.

26 [(4) The rural growth fund invests more than 20% of its  
27 investment authority in the same rural business, including  
28 amounts invested in affiliates of the rural business.]

29 (5) The rural growth fund makes a rural growth  
30 investment in a rural business that directly or indirectly  
31 through an affiliate owns, has the right to acquire an  
32 ownership interest, makes a loan to or makes an investment in  
33 the rural growth fund, an affiliate of the rural growth fund  
34 or an investor in the rural growth fund. This paragraph does  
35 not apply to investments in publicly traded securities by a  
36 rural business or an owner or affiliate of a rural business.  
37 For purposes of this paragraph, a rural growth fund shall not  
38 be considered an affiliate of a rural business solely as a  
39 result of its rural growth investment. The amount by which a  
40 rural growth investment in a rural business, exclusive of  
41 receipts or redeemed rural growth investments, exceeds 20% of  
42 a rural growth fund's investment authority may not count  
43 toward the satisfaction of the requirements of subsections  
44 (a) (1) and (2).

45 \* \* \*

46 Section 1834-G. Exit.

47 (a) Application for exit.--On or after the [sixth] seventh  
48 anniversary of the closing date, a rural growth fund may apply  
49 to the department to exit the Rural Jobs and Investment Tax  
50 Credit Program and no longer be subject to regulation under this  
51 part. A rural growth fund shall calculate the State repayment

1 amount in its application for exit and if the product is greater  
2 than the rural growth fund's credit-eligible capital  
3 contributions, the State repayment amount shall equal zero. The  
4 department shall respond to the application within 30 days after  
5 receipt and confirm the State repayment amount. In evaluating  
6 the application, the fact that no tax credit certificates have  
7 been revoked and that the rural growth fund has not received a  
8 notice of revocation that has not been cured under section 1833-  
9 G(b) shall be sufficient evidence to show that the rural growth  
10 fund is eligible for exit. The department may not deny an  
11 application submitted under this subsection without reasonable  
12 cause. If the application is denied, the department shall issue  
13 a notice which shall include the reasons for the denial. If the  
14 rural growth fund owes a State repayment amount, the rural  
15 growth fund may not be permitted to make distributions or  
16 payments in excess of the investment authority until the rural  
17 growth fund first remits the State repayment amount to the  
18 department. All amounts received by the department under this  
19 section shall be credited to the General Fund.

20 \* \* \*

21 Section 19.1. Section 1902-A of the act is amended by adding  
22 a definition to read:

23 Section 1902-A. Definitions.--The following words, terms and  
24 phrases, when used in this article, shall have the meanings  
25 ascribed to them in this section, except where the context  
26 clearly indicates a different meaning:

27 \* \* \*

28 "Youth and adolescent development services." Financial  
29 assistance to provide services to youth and adolescents who are  
30 21 years of age and younger, including job training and  
31 apprenticeship programs, job placement and retention training,  
32 education and after school programs, such as school programs  
33 with shared governance by students, teachers and parents, and  
34 activities for youth between the hours of 3 p.m. and 11 p.m.,  
35 mentoring programs, conflict resolution skills training, sports,  
36 arts, life skills, employment and recreation programs, summer  
37 jobs, summer recreation programs and alternative school  
38 resources for youth who have dropped out of school or  
39 demonstrate chronic truancy.

40 Section 19.2. Section 1903-A of the act is amended to read:

41 Section 1903-A. Public Policy.--It is hereby declared to be  
42 public policy of this Commonwealth to encourage investment by  
43 business firms in offering neighborhood assistance and providing  
44 job training, education, crime prevention, youth and adolescent  
45 development services and community services, to encourage  
46 contributions by business firms to neighborhood organizations  
47 which offer and provide such assistance and services and to  
48 promote qualified investments made by private companies to  
49 rehabilitate, expand or improve buildings or land which promote  
50 community economic development and which occur in portions of  
51 impoverished areas which have been designated as enterprise

1 zones.

2 Section 19.3. Section 1904-A(a) and (b.1) of the act are  
3 amended and the section is amended by adding a subsection to  
4 read:

5 Section 1904-A. Tax Credit.--(a) Any business firm which  
6 engages or contributes to a neighborhood organization which  
7 engages in the activities of providing neighborhood assistance,  
8 comprehensive service projects, affordable housing, domestic  
9 violence or veterans' housing assistance, job training or  
10 education for individuals, community services, youth and  
11 adolescent development services or crime prevention in an  
12 impoverished area or private company which makes qualified  
13 investment to rehabilitate, expand or improve buildings or land  
14 located within portions of impoverished areas which have been  
15 designated as enterprise zones shall receive a tax credit as  
16 provided in section 1905-A if the secretary annually approves  
17 the proposal of such business firm or private company. The  
18 proposal shall set forth the program to be conducted, the  
19 impoverished area selected, the estimated amount to be invested  
20 in the program and the plans for implementing the program.

21 \* \* \*

22 (b.1) The secretary shall take into special consideration,  
23 when approving applications for neighborhood assistance tax  
24 credits, applications which involve:

25 (1) multiple projects in various markets throughout this  
26 Commonwealth; [and]

27 (2) charitable food programs[.]; and

28 (3) youth and adolescent development services.

29 \* \* \*

30 (c.1) No more than two million dollars (\$2,000,000) of the  
31 total amount of tax credit available under subsection (c) shall  
32 be used for youth and adolescent development services.

33 \* \* \*

34 Section 20. Article XIX-D of the act is amended by adding a  
35 part to read:

36 PART III

37 ADDITIONAL DESIGNATIONS

38 Section 1921-D. Additional keystone opportunity expansion  
39 zones.

40 (a) Establishment.--In addition to any designations under  
41 Part II or section 301.1 of the KOZ Act, the department may  
42 designate one or more additional keystone opportunity expansion  
43 zones within the following counties:

44 (1) A county that has a population of at least 500,000  
45 but less than 525,000 based on the 2010 Federal decennial  
46 census.

47 (2) A county that has a population of at least 140,000  
48 but less than 145,000 based on the 2010 Federal decennial  
49 census.

50 (3) A county that has a population of at least 80,000  
51 but less than 85,000 based on the 2010 Federal decennial

1 census.

2 (b) Criteria.--Notwithstanding Part II and the KOZ Act, an  
3 additional keystone opportunity expansion zone under this part:

4 (1) May be less than 10 acres in size.

5 (2) May not exceed, in the aggregate, a total of 375  
6 acres.

7 (3) Shall be comprised of parcels that are deteriorated,  
8 underutilized or unoccupied on the effective date of this  
9 paragraph.

10 (c) Authorization.--

11 (1) Persons and businesses within an additional keystone  
12 opportunity expansion zone authorized under subsection (a)  
13 shall be entitled to all tax exemptions, deductions,  
14 abatements or credits under this section and exemptions for  
15 sales and use tax under section 511(a) or 705(a) of the KOZ  
16 Act for a period of 10 years.

17 (2) Exemptions for sales and use taxes under sections  
18 511 and 705 of the KOZ Act shall commence upon issuance of a  
19 certificate under section 307 of the KOZ Act by the  
20 department.

21 (d) Application.--

22 (1) In order to receive a designation under this  
23 section, the department must receive an application from a  
24 political subdivision or its designee no later than October  
25 1, 2021. The application must contain the information  
26 required under section 302(a)(1), (2)(i) and (ix), (5) and  
27 (6) of the KOZ Act.

28 (2) The department, in consultation with the Department  
29 of Revenue, shall review the application and, if approved,  
30 issue a certification of all tax exemptions, deductions,  
31 abatements or credits under this act for the zone within  
32 three months of receipt of the application.

33 (3) The department shall act on an application for a  
34 designation under section 302(a)(1) of the KOZ Act by  
35 December 31, 2021.

36 (4) The department may make designations under this  
37 section on a rolling basis during the application period.

38 (e) Disapproval.--If the department does not approve of a  
39 designation as an additional keystone opportunity expansion zone  
40 of a parcel under subsection (d), the department shall hold a  
41 public hearing in the municipality for which the application was  
42 made within 30 days of the disapproval. The Secretary of  
43 Community and Economic Development, or a designee, shall provide  
44 the following information at the public hearing:

45 (1) The reason for the disapproval.

46 (2) The estimated number of new jobs that would have  
47 been created in the parcel.

48 (3) The estimated dollar amount of new investment that  
49 would have been made in the parcel.

50 (4) An alternative economic development plan developed  
51 by the department that would, if implemented, provide an

1 equivalent number of jobs and amount of investment in the  
2 municipality for which the application was made.  
3 (f) Transparency.--The department shall conduct the public  
4 hearing required under subsection (e) in accordance with  
5 applicable provisions of 65 Pa.C.S. Ch. 7 (relating to open  
6 meetings).

7 Section 20.1. Section 1907-E(a) of the act is amended to  
8 read:

9 Section 1907-E. Mixed-use development tax credits.

10 (a) Tax credit authority.--For purposes, and in accordance  
11 with the provisions of this article, the agency may allocate an  
12 amount not to exceed [\$2,000,000] \$3,000,000 in each fiscal year  
13 in mixed-use development tax credits and is directed to deposit  
14 proceeds and earnings derived from the sale into the fund.

15 \* \* \*

16 Section 21. Section 2116(a)(2) of the act is amended and the  
17 clause is amended by adding a subclause to read:

18 Section 2116. Inheritance Tax.--(a) \* \* \*

19 (1.4) Inheritance tax upon the transfer of property to or  
20 for the use of a child twenty-one years of age or younger from a  
21 natural parent, an adoptive parent or a stepparent of the child  
22 shall be at the rate of zero per cent.

23 (2) Inheritance tax upon the transfer of property passing to  
24 or for the use of all persons other than those designated in  
25 subclause (1), (1.1), (1.2) [or], (1.3) or 1.4 or exempt under  
26 section 2111(m) shall be at the rate of fifteen per cent.

27 \* \* \*

28 Section 21.1. The heading of Article XXV and sections 2501  
29 and 2502 of the act are reenacted to read:

30 ARTICLE XXV  
31 TABLE GAME TAXES

32 Section 2501. Definitions.

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

36 "Certificate holder." As defined in 4 Pa.C.S. § 1103  
37 (relating to definitions).

38 "Gross table game revenue." As defined in 4 Pa.C.S. § 1103.

39 "Table game." As defined in 4 Pa.C.S. § 1103.

40 Section 2502. Table game taxes.

41 Commencing August 1, 2016, in addition to the tax payable  
42 under 4 Pa.C.S. § 13A62(a)(1) (relating to table game taxes),  
43 each certificate holder shall report to the Department of  
44 Revenue and pay from its daily gross table game revenue an  
45 additional tax of 2% of its daily gross table game revenue. The  
46 additional tax shall be subject to all provisions of 4 Pa.C.S.  
47 Ch. 13A (relating to table games) relating to the payment of  
48 taxes by a certificate holder in the same manner as the tax  
49 payable under 4 Pa.C.S. § 13A62(a)(1).

50 Section 22. Section 2503 of the act is reenacted and amended  
51 to read:

1 Section 2503. Expiration.

2 (a) Expiration.--This article shall expire [June 30, 2019]  
3 August 1, 2021.

4 [(b) Tax not applicable.--Notwithstanding any law to the  
5 contrary, the tax imposed by 4 Pa.C.S. § 13A62(a)(3) (relating  
6 to table game taxes) shall not apply for the period from the  
7 effective date of this section until after the expiration date  
8 in subsection (a).]

9 Section 23. Sections 2931-C and 2945-C of the act are  
10 amended by adding subsections to read:

11 Section 2931-C. Sales and use tax.

12 \* \* \*

13 (c) Exclusive use, consumption and utilization.--In making a  
14 determination whether tangible personal property is for the  
15 exclusive use, consumption and utilization by the qualified  
16 business at its facility located within a strategic development  
17 area, the Department of Revenue shall construe the term  
18 "exclusive use, consumption and utilization" to include use,  
19 consumption or utilization at a location other than the facility  
20 of computers, laptops, tablet computers, computer hardware,  
21 related software, storage media, portable scanners and printers,  
22 mobile radio devices, cell phones, cell phone accessories,  
23 telecommunications services, global positioning systems and  
24 accessories and parts for motor vehicles, by an employee  
25 assigned to the facility within the strategic development area.

26 Section 2945-C. Local sales and use tax.

27 \* \* \*

28 (b.1) Exclusive use, consumption and utilization.--In making  
29 a determination whether tangible personal property is for the  
30 exclusive use, consumption and utilization by the qualified  
31 business at its facility located within a strategic development  
32 area, the Department of Revenue and the political subdivision  
33 imposing the tax shall construe the term "exclusive use,  
34 consumption and utilization" to include use, consumption or  
35 utilization at a location other than the facility of computers,  
36 laptops, tablet computers, computer hardware, related software,  
37 storage media, portable scanners and printers, mobile radio  
38 devices, cell phones, cell phone accessories, telecommunications  
39 services, global positioning systems and accessories and parts  
40 for motor vehicles, by an employee assigned to the facility  
41 within the strategic development area.

42 \* \* \*

43 Section 24. Section 2914-D(a) of the act is amended to read:

44 Section 2914-D. Limitations.

45 (a) Total.--The total amount of State tax refunds approved  
46 by the department under this article shall not exceed  
47 [\$5,000,000] \$7,000,000 in any fiscal year.

48 \* \* \*

49 Section 25. The act is amended by adding an article to read:

50 ARTICLE XXIX-H  
51 INDEPENDENT PUBLIC SCHOOLS

1 Section 2901-H. Taxability of independent public schools.

2 A charter school, regional charter school or cyber charter  
3 school, as defined in section 1703-A of the act of March 10,  
4 1949 (P.L.30, No.14), known as the Public School Code of 1949,  
5 is an independent public school and shall be free from taxation  
6 within this Commonwealth to the same extent as a school district  
7 for purposes of the surplus lines tax under section 1621 of the  
8 act of May 17, 1921 (P.L.682, No.284), known as The Insurance  
9 Company Law of 1921.

10 Section 26. The addition of sections 201(g) (9), (eee),  
11 (fff), (ggg) and 202(h) of the act shall apply to sales of malt  
12 or brewed beverages sold by a manufacturer of malt or brewed  
13 beverages occurring after September 30, 2019.

14 Section 27. The amendment or addition of section 204(49),  
15 (71) and (72) of the act shall apply to sales made after  
16 December 31, 2019.

17 Section 28. The amendment or addition of section 303(a) (3)  
18 (viii) and (5) of the act shall apply to tax years beginning  
19 after December 31, 2019.

20 Section 29. The amendment or addition of sections 331(g) and  
21 336.3 of the act shall apply to tax years beginning after  
22 December 31, 2019.

23 Section 30. The amendment or addition of section 407.7(a)  
24 and (d) (1), (1.1) and (1.2) of the act shall apply to tax years  
25 beginning after December 31, 2019.

26 Section 31. The amendment of sections 1716-D(a), 1777-D,  
27 1709-E, 1702-H, 1703-H, 1705-H(d) and (e) and 1706-H(a) of the  
28 act shall apply to fiscal years beginning on or after July 1,  
29 2019.

30 Section 32. The amendment or addition of section 2116(a)  
31 (1.4) and (2) of the act shall apply to property transferred by  
32 a natural parent, an adoptive parent or a stepparent who dies  
33 after December 31, 2019.

34 Section 32.1. The reenactment and amendment of section 2503  
35 of the act shall apply retroactively to June 29, 2019.

36 Section 33. The following shall apply:

37 (1) The operation of sections 213, 213.1, 213.2, 213.3,  
38 213.4, 213.5 and 213.6 of the act shall be suspended as of  
39 July 1, 2019.

40 (2) If section 201(b) (3.5) or 237(b) (1.2) of the act are  
41 deemed unconstitutional as a result of a decision of the  
42 Pennsylvania Supreme Court or if a substantially similar  
43 statute from another state is deemed unconstitutional by a  
44 decision of the United States Supreme Court, the Secretary of  
45 Revenue shall submit a notice of the decision to the  
46 Legislative Reference Bureau for publication in the  
47 Pennsylvania Bulletin.

48 (3) The suspension of sections 213, 213.1, 213.2, 213.3,  
49 213.4, 213.5 and 213.6 of the act shall lapse as of the date  
50 of the publication of the notice under paragraph (2).

51 Section 34. The addition of sections 2931-C(c) and 2945-

1 C(b.1) of the act shall not affect any audit, appeal or  
2 proceeding pending before the Department of Revenue, the Board  
3 of Finance and Revenue or a court of competent jurisdiction in  
4 this Commonwealth on the effective date of this section.

5 Section 35. Repeals are as follows:

6 (1) The General Assembly declares that the repeal under  
7 paragraph (2) is necessary to effectuate the addition of  
8 section 1102-C.6 of the act.

9 (2) Section 406-D(c) of the act of December 3, 1959  
10 (P.L.1688, No.621), known as the Housing Finance Agency Law,  
11 is repealed.

12 Section 36. Continuation is as follows:

13 (1) The addition of section 1102-C.6 of the act is a  
14 continuation of section 406-D(c) of the act of December 3,  
15 1959 (P.L. 1688, No. 621), known as the Housing Finance  
16 Agency Law. The following apply:

17 (i) All activities initiated under section 406-D(c)  
18 of the Housing Finance Agency Law shall continue and  
19 remain in full force and effect and may be completed  
20 under section 1102-C.6 of the Tax Reform Code of 1971.  
21 Orders, regulations, rules and decisions which were made  
22 under section 406-D(c) of the Housing Finance Agency Law  
23 and which are in effect on the effective date of section  
24 35 of this act shall remain in full force and effect  
25 until revoked, vacated or modified under section 1102-C.6  
26 of the Tax Reform Code of 1971. Contracts, obligations  
27 and collective bargaining agreements entered into under  
28 section 406-D(c) of the Housing Finance Agency Law are  
29 not affected nor impaired by the repeal of section 406-  
30 D(c) of the Housing Finance Agency Law.

31 (ii) Any difference in language between section  
32 1102-C.6 of the Tax Reform Code of 1971 and section 406-  
33 D(c) of the Housing Finance Agency Law is not intended to  
34 change or affect the legislative intent, judicial  
35 construction or administration and implementation of  
36 section 406-D(c) of the Housing Finance Agency Law.

37 (2) (Reserved).

38 Section 37. The amendment of sections 2931-C and 2945-C of  
39 the act shall apply to taxable years beginning on or after  
40 January 1, 2019.

41 Section 38. This act shall take effect as follows:

42 (1) The following shall take effect immediately:

43 (i) This section.

44 (ii) The amendment or addition of section 303(a)(3)  
45 (viii) and (5).

46 (2) The amendment or addition of sections 1714-D(f) and  
47 (h), 1703-J(b)(1), (2) and (5) and (c)(1), (2), (2.1) and  
48 (3), 1704-J(a)(2), (4) and (5), (b)(1)(i), (2), (3) and (4)  
49 and (c) and 1707-J(a) of the act shall take effect in 60  
50 days.

51 (3) The remainder of this act shall take effect July 1,

1 2019, or immediately, whichever is later.