

AMENDMENTS TO SENATE BILL NO. 654

Sponsor: SENATOR BARTOLOTTA

Printer's No. 1433

1 Amend Bill, page 1, lines 1 through 12, 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 exclusions from tax; in personal income tax, further
14 providing for definitions and for classes of income and
15 providing for transfer to Clean Streams Fund; in corporate
16 net income tax, further providing for definitions and
17 providing for determination of net loss deduction; in bank
18 and trust company shares tax, further providing for
19 ascertainment of taxable amount and exclusion of United
20 States obligations; in realty transfer tax, further providing
21 for transfer of tax; in Historic Preservation Incentive Tax
22 Credit, further providing for tax credit certificates; in
23 Coal Refuse Energy and Reclamation Tax Credit, further
24 providing for application and approval of tax credit and for
25 limitation on tax credits; in city revitalization and
26 improvement zones, further providing for definitions, for
27 establishment or designation of contracting authority, for
28 approval, for reports, for transfers, for restrictions, for
29 transfer of property and for review; in Manufacturing and
30 Investment Tax Credit, further providing for definitions, for
31 rural growth funds, for claiming the tax credit and for
32 revocation of tax credit certificates; in Neighborhood
33 Assistance Tax Credit, further providing for tax credit and
34 for grant of tax credit; providing for 529 savings account
35 employer matching contribution tax credit and for employer
36 child care contribution tax credit; in Computer Data Center
37 Equipment Incentive Program, further providing for
38 definitions and for sales and use tax exemption; providing

1 for tuition account programs; and making an editorial change.
2 Amend Bill, page 1, lines 15 through 22; page 2, lines 1
3 through 30; page 3, lines 1 through 5; by striking out all of
4 said lines on said pages and inserting

5 Section 1. Section 204 of the act of March 4, 1971 (P.L.6,
6 No.2), known as the Tax Reform Code of 1971, is amended by
7 adding a clause to read:

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

10 * * *

11 (76) The sale at retail or use of services related to the
12 cleaning or maintenance of a storage trap utilized by a food
13 service or restaurant establishment to collect grease waste.

14 Section 2. Section 301 of the act is amended by adding
15 subsections to read:

16 Section 301. Definitions.--Any reference in this article to
17 the Internal Revenue Code of 1986 shall mean the Internal
18 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.),
19 as amended to January 1, 1997, unless the reference contains the
20 phrase "as amended" and refers to no other date, in which case
21 the reference shall be to the Internal Revenue Code of 1986 as
22 it exists as of the time of application of this article. The
23 following words, terms and phrases when used in this article
24 shall have the meaning ascribed to them in this section except
25 where the context clearly indicates a different meaning:

26 * * *

27 (o.5) "Qualified student loan" means indebtedness incurred
28 by a taxpayer to pay educational expenses, which are:

29 (1) incurred on behalf of the taxpayer at the time the
30 indebtedness is incurred;

31 (2) paid or incurred within a reasonable period of time
32 before or after the indebtedness is incurred; and

33 (3) attributable to education furnished during a period in
34 which the recipient is a student.

35 The term includes indebtedness used to refinance indebtedness
36 that qualifies as a a qualified student loan. The term does not
37 include indebtedness owed by a taxpayer to a person related to
38 the taxpayer.

39 * * *

40 (t.1) "Student loan interest" means interest paid during the
41 taxable year on a qualified student loan, including required and
42 voluntary interest payments, to attend a college, university,
43 vocational school or other postsecondary educational institution
44 eligible to participate in a student aid program administered by
45 the United States Department of Education.

46 * * *

47 Section 3. Section 303(a.7)(2)(i)(B) of the act is amended,
48 the subsection is amended by adding a paragraph and the section

1 is amended by adding clauses to read:
2 Section 303. Classes of Income.--* * *

3 (a.7) The following apply:
4 * * *

5 (2) (i) The following shall not be subject to tax under
6 this article:
7 * * *

8 (B) [Any rollover that is excludable from tax under section
9 529(c) (3) (C) of the Internal Revenue Code of 1986, as amended.]
10 Any distribution that is excludable from tax under section 529
11 of the Internal Revenue Code of 1986, as amended.

12 * * *

13 (E) Any amount received by an employe through an employer's
14 matching contribution to an account as defined under Article
15 XIX-J.

16 * * *

17 (7) An amount received from the Federal or State Government
18 or Norfolk Southern Railway, or an agent thereof, as a result of
19 the train derailment that occurred in East Palestine, Ohio, on
20 February 3, 2023, shall not be considered income subject to the
21 tax imposed by this article.

22 * * *

23 (a.11) The amount of student loan interest paid during a
24 taxable year by a resident individual shall be deductible from
25 taxable income on the annual personal income tax return,
26 provided that the deduction may not:

27 (1) exceed two thousand five hundred dollars (\$2,500) per
28 taxable year; and

29 (2) result in taxable income being less than zero.

30 (a.12) A person may claim a deduction for depletion of a
31 mine, oil and gas well and other natural deposit in accordance
32 with the provisions of sections 611, 612, 613, 613A, 614, 616
33 and 617 of the Internal Revenue Code of 1986 (Public Law 99-514,
34 26 U.S.C. § 611 et seq.) in effect on the effective date of this
35 subsection.

36 * * *

37 Section 4. The act is amended by adding a section to read:

38 Section 360.1. Transfer to Clean Streams Fund.--No later
39 than August 1, 2024, and each August 1 thereafter, the sum of
40 fifty million dollars (\$50,000,000) shall be transferred from
41 the proceeds of the tax imposed under this article to the Clean
42 Streams Fund established under section 1712-A.2 of the act of
43 April 9, 1929 (P.L.343, No.176), known as "The Fiscal Code."

44 Section 5. Part I heading of Article IV of the act is
45 amended to read:

46 PART I
47 [DEFINITIONS] PRELIMINARY PROVISIONS

48 Section 6. Section 401(c) (1) (A) and (2) (B) of the act are
49 amended and clause (3)1 is amended by adding phrases to read:

50 Section 401. Definitions.--The following words, terms, and
51 phrases, when used in this article, shall have the meaning

1 ascribed to them in this section, except where the context
2 clearly indicates a different meaning:

3 * * *

4 (3) "Taxable income." 1. * * *

5 (b.2) An additional deduction shall be allowed from the
6 taxable income of a medical cannabis business in the amount of
7 the ordinary and necessary expenses that were paid or incurred
8 by the medical cannabis business during the taxable year that
9 are ordinarily deductible for Federal income tax purposes under
10 section 162 of the Internal Revenue Code of 1986 (26 U.S.C. §
11 162) if no deduction for ordinary and necessary expenses paid or
12 incurred by the medical cannabis business was taken for Federal
13 income tax purposes for the taxable year. As used in this
14 paragraph, the term "medical cannabis business" shall mean a
15 medical marijuana organization as defined in section 103 of the
16 act of April 17, 2016 (P.L.84, No.16), known as the "Medical
17 Marijuana Act," that has an active grower/processor permit
18 during the taxable year for which the deduction is sought.

19 * * *

20 (u) (1) To the extent a taxpayer makes the adjustment
21 required by phrase (t) (1) an affiliated entity which is subject
22 to tax under this article on a tax base that includes the
23 intangible expense or cost, or the interest expense or cost,
24 paid, accrued or incurred by the taxpayer may annually elect to
25 exclude the intangible expense or cost, or the interest expense
26 or cost when determining the affiliated entity's taxable income
27 under subclause 1, or if applicable, subclause 2. If such an
28 election is made, the taxpayer that made the adjustment required
29 by phrase (t) (1) shall not be entitled to receive any credit
30 against tax due in this Commonwealth as calculated under phrase
31 (t) (1) (A) or (B).

32 (2) The election under paragraph (1) shall be made by the
33 affiliated entity with the filing of it's original return. The
34 affiliated entity shall identify the name and Federal EIN of the
35 taxpayer to which the election applies. Nothing in this
36 paragraph shall otherwise impact nexus or apportionment of the
37 taxpayer or the affiliated entity.

38 (3) In no case shall the exclusion under paragraph (1)
39 exceed the intangible expense or cost, or the interest expense
40 or cost, paid, accrued or incurred by the taxpayer.

41 4. * * *

42 (c) (1) The net loss deduction shall be the lesser of:

43 (A) (I) For taxable years beginning before January 1, 2007,
44 two million dollars (\$2,000,000);

45 (II) For taxable years beginning after December 31, 2006,
46 the greater of twelve and one-half per cent of taxable income as
47 determined under subclause 1 or, if applicable, subclause 2 or
48 three million dollars (\$3,000,000);

49 (III) For taxable years beginning after December 31, 2008,
50 the greater of fifteen per cent of taxable income as determined
51 under subclause 1 or, if applicable, subclause 2 or three

1 million dollars (\$3,000,000);

2 (IV) For taxable years beginning after December 31, 2009,
3 the greater of twenty per cent of taxable income as determined
4 under subclause 1 or, if applicable, subclause 2 or three
5 million dollars (\$3,000,000);

6 (V) For taxable years beginning after December 31, 2013, the
7 greater of twenty-five per cent of taxable income as determined
8 under subclause 1 or, if applicable, subclause 2 or four million
9 dollars (\$4,000,000);

10 (VI) For taxable years beginning after December 31, 2014,
11 the greater of thirty per cent of taxable income as determined
12 under subclause 1 or, if applicable, subclause 2 or five million
13 dollars (\$5,000,000);

14 (VII) For taxable years beginning after December 31, 2017,
15 thirty-five per cent of taxable income as determined under
16 subclause 1 or, if applicable, subclause 2;

17 (VIII) For taxable years beginning after December 31, 2018,
18 forty per cent of taxable income as determined under subclause 1
19 or, if applicable, subclause 2; [or]

20 (IX) For taxable years beginning after December 31, 2024,
21 the percentage of taxable income as determined under section
22 401.1; or

23 * * *

24 (2) * * *

25 (B) The earliest net loss shall be carried over to the
26 earliest taxable year to which it may be carried under this
27 schedule. The total net loss deduction allowed in any taxable
28 year shall not exceed:

29 (I) Two million dollars (\$2,000,000) for taxable years
30 beginning before January 1, 2007.

31 (II) The greater of twelve and one-half per cent of the
32 taxable income as determined under subclause 1 or, if
33 applicable, subclause 2 or three million dollars (\$3,000,000)
34 for taxable years beginning after December 31, 2006.

35 (III) The greater of fifteen per cent of the taxable income
36 as determined under subclause 1 or, if applicable, subclause 2
37 or three million dollars (\$3,000,000) for taxable years
38 beginning after December 31, 2008.

39 (IV) The greater of twenty per cent of the taxable income as
40 determined under subclause 1 or, if applicable, subclause 2 or
41 three million dollars (\$3,000,000) for taxable years beginning
42 after December 31, 2009.

43 (V) The greater of twenty-five per cent of taxable income as
44 determined under subclause 1 or, if applicable, subclause 2 or
45 four million dollars (\$4,000,000) for taxable years beginning
46 after December 31, 2013.

47 (VI) The greater of thirty per cent of taxable income as
48 determined under subclause 1 or, if applicable, subclause 2 or
49 five million dollars (\$5,000,000) for taxable years beginning
50 after December 31, 2014.

51 (VII) Thirty-five per cent of taxable income as determined

1 under subclause 1 or, if applicable, subclause 2 for taxable
2 years beginning after December 31, 2017.

3 (VIII) Forty per cent of taxable income as determined under
4 subclause 1 or, if applicable, subclause 2 for taxable years
5 beginning after December 31, 2018.

6 (IX) The percentage of taxable income as determined under
7 section 401.1 for taxable years beginning after December 31,
8 2024.

9 * * *

10 Section 7. The act is amended by adding a section to read:

11 Section 401.1. Determination of Net Loss Deduction.--(a)
12 For taxable years beginning after December 31, 2024, and prior
13 to January 1, 2026, the net loss deduction shall be determined
14 as follows:

15 (1) Deduct forty per cent of taxable income as determined
16 under subclause 1 of section 401(3) or, if applicable, subclause
17 2 of section 401(3), for a net loss incurred in a taxable year
18 beginning prior to January 1, 2025.

19 (2) (Reserved).

20 (b) For taxable years beginning after December 31, 2025, and
21 prior to January 1, 2027, the net loss deduction shall be
22 determined as follows:

23 (1) Deduct forty per cent of taxable income as determined
24 under subclause 1 of section 401(3) or, if applicable, subclause
25 2 of section 401(3), for a net loss incurred in a taxable year
26 beginning prior to January 1, 2025.

27 (2) For a net loss incurred in a taxable year beginning
28 after December 31, 2024, deduct an amount equal to:

29 (i) fifty per cent minus the actual percentage of taxable
30 income deducted under paragraph (1); multiplied by

31 (ii) the taxable income as determined under subclause 1 of
32 section 401(3) or, if applicable, subclause 2 of section 401(3).

33 (c) For taxable years beginning after December 31, 2026, and
34 prior to January 1, 2028, the net loss deduction shall be
35 determined as follows:

36 (1) Deduct forty per cent of taxable income as determined
37 under subclause 1 of section 401(3) or, if applicable, subclause
38 2 of section 401(3), for a net loss incurred in a taxable year
39 beginning prior to January 1, 2025.

40 (2) For a net loss incurred in a taxable year beginning
41 after December 31, 2024, deduct an amount equal to:

42 (i) sixty per cent minus the actual percentage of taxable
43 income deducted under paragraph (1); multiplied by

44 (ii) the taxable income as determined under subclause 1 of
45 section 401(3) or, if applicable, subclause 2 of section 401(3).

46 (d) For taxable years beginning after December 31, 2027, and
47 prior to January 1, 2029, the net loss deduction shall be
48 determined as follows:

49 (1) Deduct forty per cent of taxable income as determined
50 under subclause 1 of section 401(3) or, if applicable, subclause
51 2 of section 401(3), for a net loss incurred in a taxable year

1 beginning prior to January 1, 2025.

2 (2) For a net loss incurred in a taxable year beginning
3 after December 31, 2024, deduct an amount equal to:

4 (i) seventy per cent minus the actual percentage of taxable
5 income deducted under paragraph (1); multiplied by

6 (ii) the taxable income as determined under subclause 1 of
7 section 401(3) or, if applicable, subclause 2 of section 401(3).

8 (e) For taxable years beginning after December 31, 2028, the
9 net loss deduction shall be determined as follows:

10 (1) Deduct forty per cent of taxable income as determined
11 under subclause 1 of section 401(3) or, if applicable, subclause
12 2 of section 401(3), for a net loss incurred in a taxable year
13 beginning prior to January 1, 2025.

14 (2) For a net loss incurred in a taxable year beginning
15 after December 31, 2024, deduct an amount equal to:

16 (i) eighty per cent minus the actual percentage of taxable
17 income deducted under paragraph (1); multiplied by

18 (ii) the taxable income as determined under subclause 1 of
19 section 401(3) or, if applicable, subclause 2 of section 401(3).

20 Section 8. Section 701.1(b), (b.1) and (c) of the act are
21 amended to read:

22 Section 701.1. Ascertainment of Taxable Amount; Exclusion of
23 United States Obligations.--* * *

24 (b) A deduction for the value of United States obligations
25 shall be provided from the taxable amount of shares in an amount
26 equal to the same percentage of total bank equity capital as the
27 book value of obligations of the United States bears to the book
28 value of the total assets. In computing the deduction for United
29 States obligations, any goodwill [recorded as a result of the
30 use of purchase accounting for an acquisition or combination as
31 described in this section and occurring after June 30, 2001,]
32 deducted from the taxable amount of shares under subsection
33 (b.1) shall be subtracted from the book value of total bank
34 equity capital and disregarded in determining the deduction
35 provided for obligations of the United States. For purposes of
36 this article, United States obligations shall be obligations
37 coming within the scope of 31 U.S.C. § 3124 (relating to
38 exemption from taxation).

39 (b.1) A deduction for goodwill shall be provided from the
40 taxable amount of shares in an amount equal to the value of any
41 goodwill recorded [as a result of the use of purchase accounting
42 for an acquisition or combination as described in this section]
43 in the Reports of Condition of the institution pursuant to
44 generally accepted accounting principles because of an
45 acquisition or business combination and occurring after June 30,
46 2001.

47 [(c) For purposes of this section:

48 (1) a mere change in identity, form or place of organization
49 of one institution, however effected, shall be treated as if a
50 single institution had been in existence prior to as well as
51 after such change; and

1 (2) if there is a combination of two or more institutions
2 into one, the book values and deductions for United States
3 obligations from the Reports of Condition of the constituent
4 institutions shall be combined. For purposes of this section, a
5 combination shall include any acquisition required to be
6 accounted for by using the purchase method in accordance with
7 generally accepted accounting principles or a statutory merger
8 or consolidation.]

9 Section 9. Section 1102-C.6(a) and (b) of the act are
10 amended and the section is amended by adding a subsection to
11 read:

12 Section 1102-C.6. Transfer of Tax.--(a) [Subject to
13 subsection (b), beginning] Beginning July 31, 2019, and each
14 July 31 thereafter, the State Treasurer shall transfer from the
15 General Fund to the Housing Affordability and Rehabilitation
16 Enhancement Fund under Article IV-D of the act of December 3,
17 1959 (P.L.1688, No.621), known as the "Housing Finance Agency
18 Law," an amount [equal to forty per cent of the difference
19 between:

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

22 (2) the total dollar amount of such tax estimated for the
23 fiscal year beginning July 1, 2014, and as contained in the
24 final estimate signed by the Governor for that fiscal year as
25 required by section 618 of the act of April 9, 1929 (P.L.177,
26 No.175), known as "The Administrative Code of 1929."] under
27 subsection (b).

28 (b) The amount transferred under subsection (a) [may not
29 exceed] shall be equal to the following:

30 (1) For each fiscal year beginning after June 30, 2019, and
31 ending prior to July 1, 2023, forty million dollars
32 (\$40,000,000).

33 (2) For the fiscal year beginning [July 1, 2023, and each
34 fiscal year thereafter, sixty million dollars (\$60,000,000).]
35 after June 30, 2023, and ending prior to July 1, 2024, sixty
36 million dollars (\$60,000,000).

37 (3) For the fiscal year beginning after June 30, 2024, and
38 ending prior to July 1, 2025, seventy million dollars
39 (\$70,000,000).

40 (4) For the fiscal year beginning after June 30, 2025, and
41 ending prior to July 1, 2026, eighty million dollars
42 (\$80,000,000).

43 (5) For the fiscal year beginning after June 30, 2026, and
44 ending prior to July 1, 2027, ninety million dollars
45 (\$90,000,000).

46 (6) For the fiscal year beginning July 1, 2027, and each
47 fiscal year thereafter, one hundred million dollars
48 (\$100,000,000).

49 * * *

50 (d) Nothing in this section shall be construed to increase
51 the rate of tax imposed under section 1102-C.

1 Section 10. Section 1703-H(b) (2.3) and (5) (i) of the act are
2 amended to read:

3 Section 1703-H. Tax credit certificates.

4 * * *

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

6 * * *

7 (2.3) Any amount of tax credit certificates up to the
8 annual program limit of [\$5,000,000] \$20,000,000 not awarded
9 within the initial application period shall be available on a
10 first-come, first-served basis through a process determined
11 by the Department of Community and Economic Development.

12 * * *

13 (5) In granting tax credit certificates under this
14 article, the Department of Community and Economic
15 Development:

16 (i) Shall not grant more than [\$5,000,000]
17 \$20,000,000 in tax credit certificates in any fiscal year
18 exclusive of any tax credit certificates not awarded or
19 returned from previous fiscal years.

20 * * *

21 Section 11. Section 1704-J(b) of the act is amended to read:
22 Section 1704-J. Application and approval of tax credit.

23 * * *

24 (b) Amount.--Except as otherwise provided under section
25 1707-J, a qualified taxpayer shall receive a tax credit equal to
26 [\$4] \$8 multiplied by the tons of qualified coal refuse used to
27 generate electricity at an eligible facility in this
28 Commonwealth by a qualified taxpayer in the previous calendar
29 year.

30 * * *

31 Section 12. Section 1707-J(a) and (c) of the act are amended
32 and the section is amended by adding a subsection 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 \$10,000,000 in fiscal years 2017-2018 and 2018-2019 [and
37 \$20,000,000 in], \$20,000,000 in fiscal years 2019-2020, 2020-
38 2021, 2021-2022, 2022-2023 and 2023-2024 and \$55,000,000
39 annually beginning in the 2024-2025 fiscal year and continuing
40 each fiscal year thereafter.

41 * * *

42 (c) Restriction.--Notwithstanding subsection (b), the
43 department may not grant more than [22.2%] 26.5% of the amount
44 under subsection (a) in tax credits to a single eligible
45 facility in any fiscal year.

46 (d) Exception.--In a fiscal year where the full amount of
47 the tax credit is not utilized due to the restriction in
48 subsection (c), a facility not receiving the full per ton tax
49 credit for which the facility would otherwise be eligible shall
50 be provided, on a prorated basis as described in subsection (b),
51 up to the maximum per ton tax credit amount the facility would

1 otherwise be authorized to receive under this section.

2 Section 13. The definitions of "city," "city revitalization
3 and improvement zone," "eligible tax," "municipality" and "pilot
4 zone" in section 1802-C of the act are amended to read:

5 Section 1802-C. Definitions.

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

9 * * *

10 "City." A city of the second class A or third class or a
11 home rule city or a municipality with a population of at least
12 20,000 based on the most recent Federal decennial census. The
13 term does not include a city that is determined to be distressed
14 under the act of July 10, 1987 (P.L.246, No.47), known as the
15 Municipalities Financial Recovery Act.

16 "City revitalization and improvement zone." An area of not
17 more than 130 acres in a city or municipality, that may include
18 an area in one or more contiguous municipalities, comprised of
19 parcels designated by the contracting authority, which will
20 provide economic development and job creation within a city or
21 one or more contiguous municipalities.

22 * * *

23 "Eligible tax." Any of the following taxes:

24 (1) Corporate net income tax, capital stock and
25 franchise tax, bank shares tax, personal income tax paid by
26 shareholders, members or partners of Subchapter S
27 corporations, limited liability companies, partnerships or
28 sole proprietors on income other than passive activity income
29 as defined under section 469 of the Internal Revenue Code of
30 1986 (Public Law 99-516, 26 U.S.C. § 1 et seq.) or business
31 privilege tax, calculated and apportioned as to amount
32 attributable to the location within the zone and calculated
33 under section 1904-B(b) and (c).

34 (1.1) For a zone designated after July 1, 2024,
35 insurance premiums tax, calculated and apportioned as to the
36 amount attributable to the location within the zone and
37 calculated under section 1904-B(c).

38 (2) Amusement tax, only to the extent the tax is related
39 to the activity of a qualified business within the zone.

40 (3) Sales and use tax, only to the extent the tax is
41 related to the activity of a qualified business within the
42 zone. The term includes sales and use taxes on material used
43 for construction in the zone and business personal property
44 to be used by the qualified business in the zone.

45 (3.1) The hotel occupancy tax imposed under Part V of
46 Article II.

47 (4) Personal income tax withheld from its employees by a
48 qualified business for work performed in the zone.

49 (5) Local services tax withheld from its employees by a
50 qualified business for work performed in the zone.

51 (6) Earned income tax withheld from its employees by a

1 qualified business for work performed in the zone.

2 (7) All taxes paid to the Commonwealth, or an amount
3 equal to all of the taxes paid to the Commonwealth, related
4 to the purchase or sale of liquor, wine or malt or brewed
5 beverages by a licensee located in the zone for purchases
6 that occurred outside the zone.

7 The term does not include cigarette tax.

8 * * *

9 "Municipality." An incorporated town, a township or a
10 borough. The term does not include an incorporated town, a
11 township or a borough that is determined to be distressed under
12 the Municipalities Financial Recovery Act.

13 * * *

14 "Pilot zone." An area of not more than 100 acres designated
15 by the contracting authority prior to July 1, 2024, following
16 application and approval by the Department of Community and
17 Economic Development, the office and the department which will
18 provide economic development and job creation within one or more
19 municipalities, with a total population of at least 7,000 based
20 on the most recent Federal decennial census.

21 * * *

22 Section 14. Section 1803-C of the act is amended to read:
23 Section 1803-C. Establishment or designation of contracting
24 authority.

25 (a) Authorization.--[Except as set forth in subsection (b),
26 a city, municipality or home rule county] The following shall
27 apply:

28 (1) A city, municipality or municipalities may establish
29 or designate a contracting authority to designate a zone
30 under this article.

31 (2) The board of directors of the contracting authority
32 of a zone designated after July 1, 2024, shall include:

33 (i) members with diverse skill sets in the areas of
34 government, law, finance, banking, economic development,
35 community development, planning, project management,
36 project engineering, real estate development and
37 environmental remediation;

38 (ii) residents of the zone and business owners
39 located in the zone; and

40 (iii) residents, business owners and business
41 representatives from the city, municipality or
42 municipalities that created the zone.

43 [(b) Distressed cities.--A city that is a distressed city
44 under the act of July 10, 1987 (P.L.246, No.47), known as the
45 Municipalities Financial Recovery Act, and is located in a home
46 rule county may not establish a contracting authority under this
47 article.

48 (c) Counties.--The home rule county where a distressed city
49 under the Municipalities Financial Recovery Act is located may
50 establish a contracting authority to designate a zone under this
51 article within the distressed city.]

1 Section 15. Section 1804-C(c), (d) and (e) of the act are
2 amended and the section is amended by adding subsections to
3 read:

4 Section 1804-C. Approval.

5 * * *

6 (b.2) Additional approval.--Following the effective date of
7 this subsection, applications may be approved for:

8 (1) Up to two zones for one or more municipalities with
9 a population between 7,000 and 19,999 based on the most
10 recent Federal decennial census.

11 (2) Up to two zones for one or more cities or
12 municipalities with a population of 20,000 or more based on
13 the most recent Federal decennial census.

14 [(c) Approval schedule.--The Department of Community and
15 Economic Development shall develop a schedule for the approval
16 of applications under this section as follows:

17 (1) Following the effective date of this paragraph,
18 applications for two initial city revitalization and
19 improvement zones and one pilot zone may be approved.

20 (2) Beginning in 2016, applications for two additional
21 zones may be approved each calendar year.]

22 * * *

23 (c.2) Single approval.--An application for one zone located
24 in a city of the third class incorporated under optional charter
25 which is located in a home rule county of the third class, is
26 its county's seat and has a population of between 93,500 and
27 95,500 based on the 2020 Federal decennial census may be
28 approved in the first year after the effective date of this
29 subsection. A contracting authority designated under section
30 1803-C by a city of the third class incorporated under optional
31 charter which is located in a home rule county of the third
32 class, is its county's seat and has a population of between
33 93,500 and 95,500 based on the 2020 Federal decennial census
34 shall have a board of directors consisting of nine members. The
35 following shall apply:

36 (1) One voting member shall be appointed by the mayor
37 and shall serve a five-year term.

38 (2) Two voting members shall be appointed by the State
39 Representative of the 1st District. The following apply:

40 (i) One member appointed under this paragraph shall
41 serve a two-year term.

42 (ii) One member appointed under this paragraph shall
43 serve a five-year term.

44 (3) Two voting members shall be appointed by the State
45 Representative of the 2nd District. The following apply:

46 (i) One member appointed under this paragraph shall
47 serve a two-year term.

48 (ii) One member appointed under this paragraph shall
49 serve a three-year term.

50 (4) Four voting members shall be appointed by the
51 Senator from the 49th District.

1 (i) One member appointed under this paragraph shall
2 serve a two-year term.

3 (ii) Two members appointed under this paragraph
4 shall serve three-year terms.

5 (iii) One member appointed under this paragraph
6 shall serve a five-year term.

7 (5) Terms specified in paragraphs (1), (2), (3) and (4)
8 shall commence upon the date of appointment. Members may be
9 reappointed for five-year terms following the expiration of
10 the initial appointed term.

11 (6) Members serve without compensation.

12 (7) A vacancy on the board shall be filled by the same
13 appointing authority as the initial appointment in accordance
14 with paragraphs (1), (2), (3) and (4).

15 (d) [Time] Schedule.--The Department of Community and
16 Economic Development shall establish [and publish] application
17 deadlines [in the Pennsylvania Bulletin and] and publish the
18 deadlines on its publicly accessible Internet website.

19 (e) Reapplication.--If an application is not approved under
20 this section, the applicant may revise [and resubmit] the
21 application and plan and reapply for approval.

22 * * *

23 Section 16. Section 1809-C(a) and (b) of the act are amended
24 and the section is amended by adding a subsection to read:
25 Section 1809-C. Reports.

26 (a) State zone report.--No later than June 15 following the
27 baseline year and each year thereafter, [or by August 31 for
28 reports due in 2020,] each qualified business shall file a
29 report with the department in a form or manner required by the
30 department which includes all of the following:

31 (1) Amount of each eligible tax which was paid to the
32 Commonwealth by the qualified business in the prior calendar
33 year.

34 (2) Amount of each eligible tax refund received from the
35 Commonwealth in the prior calendar year by the qualified
36 business.

37 (3) The number of new jobs created by the qualified
38 business for the prior calendar year in the zone.

39 (4) The total wages and salaries for employees of the
40 qualified business for the prior calendar year in the zone.

41 (5) The amount of private capital investment made by the
42 qualified business in the prior calendar year in the zone.

43 (a.1) Information.--Notwithstanding any other provision of
44 law, the department may provide information obtained under
45 subsection (a) (3), (4) and (5) to the Department of Community
46 and Economic Development.

47 (b) Local zone report.--No later than June 15 following the
48 baseline year and for each year thereafter, [or by August 31 for
49 reports due in 2020,] each qualified business shall file a
50 report with the local taxing authority which includes all of the
51 following:

1 (1) Amount of each eligible tax which was paid to the
2 local taxing authority by the qualified business in the prior
3 calendar year.

4 (2) Amount of each eligible tax refund received from the
5 local taxing authority in the prior calendar year by the
6 qualified business.

7 * * *

8 Section 16.1. Section 1812-C(a) and (c) of the act are
9 amended to read:

10 Section 1812-C. Transfers.

11 (a) Office.--Within ten days of receiving the certification
12 from the department under section 1811-C, the office shall
13 direct the State Treasurer to transfer the amount of certified
14 eligible State zone tax from the General Fund to each fund of a
15 contracting authority. The following shall apply:

16 (1) For zones designated after July 1, 2024, the office
17 shall direct the State Treasurer to transfer the amount of
18 certified eligible State zone tax up to the maximum of
19 \$15,000,000 from the General Fund to each fund of a
20 contracting authority within 10 days of receiving the
21 certification from the department under section 1811-C.

22 (2) The maximum amount of certified eligible State zone
23 tax under paragraph (1) shall be annually adjusted beginning
24 July 1, 2025, and each July thereafter to reflect any upward
25 change in the Consumer Price Index for All Urban Consumers
26 (CPI-U) for the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
27 area for the prior 12-month period.

28 * * *

29 [(c) Notification.--The following shall apply:

30 (1) If the transfers under subsection (a) and section
31 1811-C(c) are insufficient to make payments on the bonds
32 issued under section 1813-C(a)(1) for the calendar year when
33 the transfers are made, the contracting authority shall
34 notify the Department of Community and Economic Development,
35 the office and the department of the amount of the deficiency
36 and may request the additional money necessary to make
37 payments on the bonds.

38 (2) The notification under paragraph (1) must be
39 accompanied by a detailed account of the contracting
40 authority's expenditures and the calculation which resulted
41 in the request for additional money. The Department of
42 Community and Economic Development, the office or the
43 department may request additional information from the
44 contracting authority and shall jointly verify the proper
45 amount of money necessary to make the payments on the bonds.

46 (3) Notwithstanding 53 Pa.C.S. § 5607(e) (relating to
47 purposes and powers), within 90 days of the date of the
48 notification request, the office shall direct the State
49 Treasurer to establish a restricted account within the
50 General Fund. The office shall direct the State Treasurer to
51 transfer the amount verified under paragraph (2) from the

1 General Fund to the restricted account for the use of the
2 contracting authority to make payments on the bonds issued
3 under section 1813-C(a)(1).

4 (4) Money transferred under paragraph (3):

5 (i) shall be limited to 50% of the State tax
6 baseline amount for the calendar year prior to the date
7 the amount is verified under paragraph (2), not to exceed
8 \$7,500,000; and

9 (ii) must occur in the first seven calendar years
10 following the baseline year.

11 (4.1) Under extraordinary circumstances, a contracting
12 authority may request money in excess of the limitations in
13 paragraph (4)(i). The Department of Community and Economic
14 Development, the office and the department shall determine
15 whether the circumstances merit additional money and the
16 amount to be transferred. The money shall be transferred
17 under the procedure under this section.

18 (5) Money transferred under paragraph (3) shall be
19 repaid to the General Fund by the contracting authority. If
20 money transferred under paragraph (3) is not repaid to the
21 General Fund by the contracting authority within 12 calendar
22 years following the baseline year, the city, municipality or
23 home rule county which established or designated the
24 contracting authority shall pay the money not repaid to the
25 General Fund plus an additional penalty of 10% of the amount
26 outstanding on the date of the final payment on the bonds
27 originally issued under section 1813-C(a)(1).]

28 Section 17. Section 1813-C(c)(1) of the act is amended and
29 the subsection is amended by adding a paragraph to read:
30 Section 1813-C. Restrictions.

31 (c) Excess money.--

32 (1) Except as set forth in paragraph [(4),] (4) or (5),
33 for the first five calendar years of the zone designated
34 after July 1, 2024, if the amount of money transferred to the
35 fund under sections 1811-C(c) and 1812-C in any one calendar
36 year exceeds the money utilized, budgeted or appropriated by
37 official resolution of the contracting authority under this
38 section in that calendar year, the contracting authority may
39 carry forward any excess up to a total sum of \$3,000,000 for
40 the five-year calendar period. For the sixth calendar year
41 and each calendar year thereafter, if the amount of money
42 transferred to the fund under sections 1811-C(c) and 1812-C
43 in any one calendar year exceeds the money utilized, budgeted
44 or appropriated by official resolution of the contracting
45 authority under this section in that calendar year, the
46 contracting authority shall submit by April 15 following the
47 end of the calendar year any money not utilized, budgeted or
48 appropriated by official resolution of the contracting
49 authority to the State Treasurer for deposit into the General
50 Fund.

51 * * *

1 (5) Other than a zone described in paragraph (1) or (4),
2 for a zone designation prior to July 1, 2024, if the amount
3 of money transferred to the fund under sections 1811-C(c) and
4 1812-C, in any one calendar year exceeds the money utilized,
5 budgeted or appropriated by official resolution of the
6 contracting authority under this section in that calendar
7 year, the contracting authority shall submit any money not
8 utilized, budgeted or appropriated by official resolution to
9 the State Treasurer for deposit into the General Fund by
10 April 15 of the following calendar year.

11 * * *

12 Section 18. Sections 1814-C(a) and (b) and 1819-C(a)
13 introductory paragraph of the act are amended to read:
14 Section 1814-C. Transfer of property.

15 (a) Property.--[Parcels in a zone] A parcel or parcels in a
16 zone where no zone fund dollars were expended upon the parcel or
17 parcels or where a facility has not been constructed,
18 reconstructed or renovated using money under this article may be
19 transferred out of the zone, if the contracting authority
20 provides a notarized certification, confirmed in the annual
21 audit required under section 1807-C(c), that no fund dollars
22 were used on the [property] parcel or parcels. Additional
23 acreage, not to exceed the acreage transferred out of the zone,
24 may be added to the zone.

25 * * *

26 (b) [Approval.--A transfer under subsections (a) and (a.2)
27 must be approved by the Department of Community and Economic
28 Development in consultation with the office and the department.]
29 Review and approval.--The following apply:

30 (1) A transfer may be reviewed and approved by the
31 Department of Community and Economic Development in
32 consultation with the office and the department. The
33 contracting authority shall submit a written request to the
34 Department of Community and Economic Development to approve
35 the transfer of a parcel or parcels. In addition to the
36 written request, the contracting authority shall submit the
37 following to the Department of Community and Economic
38 Development:

39 (i) The certification under subsection (a).

40 (ii) A resolution of the contracting authority board
41 approving the transfer of the parcel or parcels.

42 (iii) Any additional information as required by the
43 Department of Community and Economic Development, the
44 office or the department.

45 (2) A determination regarding a request to approve a
46 transfer of a parcel or parcels shall be made within 90 days
47 of receipt of the written request from the contracting
48 authority board.

49 Section 1819-C. Review.

50 (a) Department of Community and Economic Development.--By
51 December 31, 2021, and annually each March 31 thereafter, the

1 Department of Community and Economic Development shall, in
2 cooperation with the office and the department, complete a
3 review and analysis of all active zones. The review shall
4 include an analysis of:

5 * * *

6 Section 19. The definitions of "closing date" and "rural
7 growth investment" in section 1822-G of the act are amended and
8 the section is amended by adding definitions to read:

9 Section 1822-G. Definitions.

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

13 * * *

14 "Closing date." [The]

15 (1) With respect to program one tax credit authority,
16 the date on which a rural growth fund has collected all of
17 the amounts specified by section 1825-G.

18 (2) With respect to program two tax credit authority,
19 either:

20 (i) the date on which a rural growth fund has
21 collected all of the amounts specified under 1825-G; or

22 (ii) investment authority reallocated under section
23 1826-G(b) or 1833-G(c).

24 * * *

25 "Program one tax credit authority." Investment authority
26 issued by the department before January 1, 2024.

27 "Program two tax credit authority." Investment authority
28 issued by the department on or after January 1, 2024.

29 * * *

30 "Rural growth investment." A capital or equity investment in
31 a rural business or any loan to a rural business with a stated
32 maturity at least one year after the date of issuance. A secured
33 loan or a revolving line of credit provided to a rural business
34 is a rural growth investment only if the growth fund obtains an
35 affidavit from the president or chief executive officer or
36 equivalent position of the rural business attesting that the
37 rural business sought and was denied similar financing from a
38 commercial bank. The term does not include any investment used
39 by a rural business or its affiliates to refinance a prior rural
40 growth investment made with program one tax credit authority.

41 * * *

42 Section 20. Sections 1824-G(f) and 1830-G(a) of the act are
43 amended to read:

44 Section 1824-G. Rural growth funds.

45 * * *

46 (f) Limitation.--The department may not approve more than
47 \$50,000,000 in investment authority with respect to program one
48 tax credit authority and \$50,000,000 in investment authority
49 with respect to program two tax credit authority under this
50 part.

51 Section 1830-G. Claiming the tax credit.

1 (a) Presentation.--

2 (1) Beginning July 1, 2020, with respect to program one
3 tax credit authority, upon presenting a tax credit
4 certificate to the Department of Revenue, a business firm may
5 claim a tax credit of up to 20% of the amount awarded under
6 section 1829-G for each of the taxable years that includes
7 the third, fourth, fifth, sixth and seventh anniversaries of
8 the closing date, exclusive of any tax credit amounts carried
9 over under section 1831-G(b).

10 (2) Beginning July 1, 2024, with respect to program two
11 tax credit authority, upon presenting a tax credit
12 certificate to the Department of Revenue, a business firm may
13 claim a tax credit of up to 20% of the amount awarded under
14 section 1829-G for each of the taxable years that includes
15 the third, fourth, fifth, sixth and seventh anniversaries of
16 the closing date, exclusive of any tax credit amounts carried
17 over under section 1831-G(b).

18 * * *

19 Section 21. Section 1833-G(a)(4) of the act is amended and
20 the section is amended by adding a subsection to read:
21 Section 1833-G. Revocation of tax credit certificates.

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

26 * * *

27 (4) The following apply:

28 (i) With respect to program one tax credit
29 authority, the rural growth fund invests more than 20% of
30 its investment authority, exclusive of receipts or
31 redeemed rural growth investments, in the same rural
32 business, including amounts invested in affiliates of the
33 rural business.

34 (ii) With respect to program two tax credit
35 authority, the rural growth fund invests more than
36 \$5,000,000 of its investment authority, exclusive of
37 receipts or redeemed rural growth investments, in the
38 same rural business, including amounts invested in
39 affiliates of the rural business.

40 * * *

41 (d) Rural growth investment cap.--With respect to any one
42 rural business, the maximum amount of rural growth investments
43 made in that business, on a collective basis with all of its
44 affiliates that may be counted toward the satisfaction of
45 subsection (a), shall be \$15,000,000, exclusive of receipts of
46 redeemed rural growth investments.

47 Section 22. Sections 1904-A(c) and 1905-A(a) of the act are
48 amended to read:

49 Section 1904-A. Tax Credit.--* * *

50 (c) The total amount of tax credit granted for programs
51 approved under this act shall not exceed [thirty-six million

1 dollars (\$36,000,000)] seventy-two million dollars (\$72,000,000)
2 of tax credit in any fiscal year.

3 * * *

4 Section 1905-A. Grant of Tax Credit.--(a) The Department of
5 Revenue shall grant a tax credit against any tax due under
6 Article III, IV, VI, VII, VIII, IX or XV of this act, or any tax
7 substituted in lieu thereof in an amount which shall not exceed
8 [fifty-five] sixty-five per cent of the total amount contributed
9 during the taxable year by a business firm or twenty-five per
10 cent of qualified investments by a private company in programs
11 approved pursuant to section 1904-A of this act: Provided, That
12 a tax credit of up to [seventy-five] ninety per cent of the
13 total amount contributed during the taxable year by a business
14 firm or up to thirty-five per cent of the amount of qualified
15 investments by a private company may be allowed for investment
16 in programs where activities fall within the scope of special
17 program priorities as defined with the approval of the Governor
18 in regulations promulgated by the secretary, and Provided
19 further, That a tax credit of up to [seventy-five] ninety per
20 cent of the total amount contributed during the taxable year by
21 a business firm in comprehensive service projects with five-year
22 commitments and up to [eighty] ninety-five per cent of the total
23 amount contributed during the taxable year by a business firm in
24 comprehensive service projects with six-year or longer
25 commitments shall be granted, and Provided further, That a tax
26 credit of up to [seventy-five] ninety per cent of the total
27 amount contributed during the taxable year by a business firm in
28 veterans' housing assistance approved under section 1904-A(b.3)
29 shall be granted. Such credit shall not exceed [five hundred
30 thousand dollars (\$500,000)] one million dollars (\$1,000,000)
31 annually for contributions or investments to fewer than four
32 projects or [one million two hundred fifty thousand dollars
33 (\$1,250,000)] two million five hundred thousand dollars
34 (\$2,500,000) annually for contributions or investments to four
35 or more projects. No tax credit shall be granted to any bank,
36 bank and trust company, insurance company, trust company,
37 national bank, savings association, mutual savings bank or
38 building and loan association for activities that are a part of
39 its normal course of business. Any tax credit not used in the
40 period the contribution or investment was made may be carried
41 over for the next five succeeding calendar or fiscal years until
42 the full credit has been allowed. A business firm shall not be
43 entitled to carry back or obtain a refund of an unused tax
44 credit. The total amount of all tax credits allowed pursuant to
45 this act shall not exceed [thirty-six million dollars
46 (\$36,000,000)] seventy-two million dollars (\$72,000,000) in any
47 one fiscal year. Of that amount, two million dollars
48 (\$2,000,000) shall be allocated exclusively for pass-through
49 entities. However, if the total amounts allocated to either the
50 group of applicants, exclusive of pass-through entities, or the
51 group of pass-through entity applicants is not approved in any

1 fiscal year, the unused portion shall become available for use
2 by the other group of qualifying taxpayers.

3 * * *

4 Section 23. The act is amended by adding articles to read:

5 ARTICLE XIX-J

6 529 SAVINGS ACCOUNT EMPLOYER
7 MATCHING CONTRIBUTION TAX CREDIT

8 Section 1901-J. Scope of article.

9 This article relates to the 529 savings account employer
10 matching contribution tax credit program.

11 Section 1902-J. Definitions.

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

15 "ABLE account." An account under the act of April 18, 2016
16 (P.L.128, No.17), known as the Pennsylvania ABLE Act.

17 "ABLE account contract." As defined in section 102 of the
18 Pennsylvania ABLE Act.

19 "Account." An account owned by an employee who has entered
20 into a Tuition Account Program Contract under the act of April
21 3, 1992 (P.L.28, No.11), known as the Tuition Account Programs
22 and College Savings Bond Act, or an ABLE account contract, or a
23 tuition account program contract or an ABLE account program
24 administered by another state, notwithstanding the named
25 beneficiary of the account.

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

27 "Matching contribution." A deposit of money by an employer
28 into an employee-owned account during the tax year that does not
29 exceed the amount of deposits made into that account by the
30 employee during the same tax year.

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

32 (1) A partnership as defined in section 301(n.0).

33 (2) A Pennsylvania S corporation as defined in section
34 301(n.1).

35 (3) An unincorporated entity subject to section 307.21.

36 "State tax liability." Any of the taxes due under Article
37 III, IV, VII, VIII, IX or XV. The term shall not include any tax
38 withheld by an employer from an employee under Article III.

39 "Tax credit." The 529 savings account employer matching
40 contribution tax credit established under section 1903-J.

41 "Tuition Account Program Contract." As defined in section
42 302 of the Tuition Account Programs and College Savings Bond
43 Act.

44 Section 1903-J. Credit for employer matching contributions to
45 tuition savings accounts and ABLE accounts.

46 (a) Tax credit.--For taxable years beginning after December
47 31, 2024, and ending before January 1, 2030, an employer that
48 makes a matching contribution to an account owned by an employee
49 under this article or an ABLE account may claim a tax credit
50 against the employer's State tax liability.

51 (b) Amount of tax credit.--The amount of the tax credit

1 under subsection (a) shall be equal to 25% of the employer's
2 aggregate matching contributions made to accounts owned by
3 employees during the tax year.

4 (c) Tax credit limit for employers.--The total amount of
5 matching contributions to accounts owned by employees for which
6 an employer may claim a tax credit shall be no more than \$500
7 per employee during the tax year.

8 (d) Proof of matching contribution.--In order to receive the
9 tax credit, an employer shall provide the department with proof
10 that the employer has made qualifying matching contributions to
11 employee-owned accounts under this article at the time of filing
12 the employer's tax return.

13 (e) Proof of employee contribution.--In a manner prescribed
14 by the employer, an employee shall provide to the employer
15 evidence of the total amount deposited into the employee's
16 account during the previous tax year.

17 Section 1904-J. Carryover, carryback, assignment and pass-
18 through of credit.

19 (a) General rule.--If the amount of the tax credit allowed
20 under this article exceeds the employer's tax liability in the
21 tax year in which the tax credit is approved, the excess tax
22 credit may be carried over to succeeding tax years for a period
23 not to exceed three years to reduce the employer's tax liability
24 during those tax years. The following shall apply:

25 (1) A tax credit that is carried over to succeeding tax
26 years must be applied first to the earliest tax year
27 possible.

28 (2) Any credit remaining after three tax years following
29 the initial approval of a tax credit under this article shall
30 not be refunded or credited to the employer.

31 (b) No carryback or refund.--An employer approved for a tax
32 credit is not entitled to carry back or obtain a refund of all
33 or any portion of an unused tax credit granted to the employer
34 under this article.

35 (c) Pass-through entity.--If an employer is a pass-through
36 entity and has an unused tax credit under section 1903-J, the
37 employer may elect in writing, according to procedures
38 established by the department, to transfer all or a portion of
39 the credit to shareholders, members or partners in proportion to
40 the share of the entity's distributive income to which the
41 shareholder, member or partner is entitled. The following apply:

42 (1) The same unused tax credit under subsection (b) may
43 not be claimed by:

44 (i) the pass-through entity; and

45 (ii) a shareholder, member or patron of the pass-
46 through entity.

47 (2) A shareholder, member or partner of a pass-through
48 entity to whom a credit is transferred under this subsection
49 shall immediately claim the credit in the taxable year in
50 which the transfer is made. The shareholder, member or
51 partner may not carry forward, carry back, obtain a refund of

1 or sell or assign the credit.

2 Section 1905-J. Departmental duties.

3 The department shall publish guidelines and may promulgate
4 regulations necessary for the implementation and administration
5 of this article.

6 Section 1906-J. Nondiscrimination in matching contributions.

7 (a) Accounts owned by employees.--An employee who owns an
8 account shall have equal opportunity to receive a matching
9 contribution from the employer.

10 (b) Duty of employers.--If an employer chooses to make
11 matching contributions to employee-owned accounts for the
12 purposes of claiming the tax credit, the employer shall make
13 equal matching contributions during the tax year to any employee
14 that either owns an account or chooses to open an account while
15 employed by the employer.

16 (c) Rights of employees.--An employee who owns an account
17 may voluntarily opt out of an employer matching contribution
18 benefit during any tax year. An employee who opts out of a
19 matching contribution benefit from the employer during one tax
20 year may elect to receive the matching contribution benefit
21 during another succeeding tax year.

22 Section 1907-J. Report to General Assembly.

23 (a) Annual report.--No later than July 1, 2025, and each
24 July 1 thereafter, the department shall submit a report to the
25 General Assembly indicating the effectiveness of the tax credit
26 under this article.

27 (b) Information required.--The report required under
28 subsection (a) shall include the following information:

29 (1) The number of tax credits approved under this
30 article.

31 (2) The amount of tax credits approved under this
32 article.

33 (3) The number of tax credits denied and the reason for
34 denial.

35 ARTICLE XIX-K

36 EMPLOYER CHILD CARE CONTRIBUTION TAX CREDIT

37 Section 1901-K. Scope of article.

38 This article establishes the Employer Child Care Contribution
39 Tax Credit.

40 Section 1902-K. Definitions.

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

44 "Aggregate contribution." The aggregate contribution that a
45 qualified taxpayer makes to all employees during the taxable
46 year for which the qualified taxpayer seeks the employer child
47 care contribution tax credit established under this article,
48 provided that only the first \$500 in contributions per employee
49 shall count toward the aggregate contribution.

50 "Child-care provider." Includes:

51 (1) A child-care center as defined under 55 Pa. Code §

1 3270.4 (relating to definitions).

2 (2) A group child-care home as defined under 55 Pa. Code
3 § 3280.4 (relating to definitions).

4 (3) A family child-care home as defined under 55 Pa.
5 Code § 3290.4 (relating to definitions).

6 "Contribution." A payment made to a child-care provider by
7 an employer to subsidize an employee's eligible child-care
8 costs.

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

10 "Eligible child-care costs." Costs incurred by an employee
11 for services rendered by a child-care provider that are incurred
12 to enable the employee to be gainfully employed by a qualified
13 taxpayer.

14 "Employee." An individual employed by a qualified taxpayer.
15 The term shall not include:

16 (1) An officer of an entity subject to tax under Article
17 IV, VII, VIII or XV.

18 (2) An officer of an insurance company subject to tax
19 under Article IX.

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

21 (1) A partnership as defined in section 301(n.0).

22 (2) A Pennsylvania S corporation as defined in section
23 301(n.1).

24 (3) An unincorporated entity subject to section 307.21.

25 "Qualified tax liability." Any of the taxes due under
26 Article III, IV, VII, VIII or XV. The term shall not include any
27 tax withheld by an employer from an employee under Article III.

28 "Qualified taxpayer." An individual, partnership,
29 association, corporation, governmental body or unit or agency or
30 other entity that:

31 (1) is subject to a tax imposed under Article III, IV,
32 VII, VIII, IX or XV; and

33 (2) is required under the Internal Revenue Code of 1986
34 (Public Law 99-514, 26 U.S.C. § 1 et seq.) to withhold
35 Federal income tax from wages paid to an employee.

36 Section 1903-K. Employer child care contribution tax credit.

37 (a) General rule.--For taxable years beginning after
38 December 31, 2024, a qualified taxpayer may claim the employer
39 child care contribution tax credit for a contribution made
40 during the taxable year toward an employee's eligible child-care
41 costs and may apply the tax credit against its qualified tax
42 liability.

43 (b) Application.--A qualified taxpayer applying to claim an
44 employer child care contribution tax credit must complete and
45 submit to the department a child care contribution tax credit
46 application on a form and in a manner as determined by the
47 department. The form shall require the qualified taxpayer to
48 provide the following:

49 (1) The names, addresses and Social Security numbers of
50 all employees to which the qualified taxpayer made a
51 contribution during the taxable year.

1 (2) The names, addresses and employer identification
2 numbers of the child-care providers that provided child-care
3 services to each participating employee.

4 (3) The amount contributed to each participating
5 employee.

6 (4) The aggregate contribution.

7 (c) Amount of tax credit.--The amount of the tax credit
8 under subsection (a) shall be equal to 30% of the aggregate
9 contribution made to employees during the tax year.

10 Section 1904-K. Carryover, carryback, refund and assignment of
11 credit.

12 (a) Carryover, carryback and refund.--A qualified taxpayer
13 is not entitled to carry forward, carry back or obtain a refund
14 of all or a portion of an unused tax credit granted to the
15 qualified taxpayer under this article.

16 (b) Sale or assignment of tax credit.--A qualified taxpayer
17 may not sell or assign a tax credit granted to the qualified
18 taxpayer under this article.

19 Section 1905-K. Pass-through entity.

20 (a) Election.--If the qualified taxpayer is a pass-through
21 entity, the qualified taxpayer may elect in writing, according
22 to procedures established by the department, to transfer all or
23 a portion of the credit to shareholders, members or partners in
24 proportion to the share of the qualified taxpayer's distributive
25 income to which the shareholders, members or partners are
26 entitled or in any other manner designated by the qualified
27 taxpayer in accordance with its governance documents and without
28 regard to how distributive income, losses or credits are
29 allocated for other tax purposes.

30 (b) Limitation.--The same unused tax credit under subsection
31 (a) may not be claimed by:

32 (1) the pass-through entity; and

33 (2) a shareholder, member or partner of the pass-through
34 entity.

35 (c) Time.--A shareholder, member or partner of a pass-
36 through entity under subsection (a) may only use a tax credit
37 during a taxable year for which use of the credit is authorized.
38 The shareholder, member or partner of the pass-through entity
39 may not carry forward, carry back, obtain a refund of or sell or
40 assign the tax credit.

41 Section 1906-K. Exclusion from classes of income.

42 Notwithstanding any other provision of law, contributions
43 made under this article to an employee's eligible child-care
44 costs during the taxable year may not be included in any of the
45 classes of income enumerated under section 303.

46 Section 1907-K. Nondiscrimination in contributions.

47 (a) Employees.--An employee who has incurred eligible child-
48 care costs shall have equal opportunity to receive a
49 contribution from the employer.

50 (b) Duty of employers.--If an employer chooses to make
51 contributions to a child-care provider for the purposes of

1 claiming the tax credit, the employer shall make equal
2 contributions during the tax year to any employee that has
3 eligible child-care costs.

4 Section 1908-K. Regulations.

5 (a) Promulgation.--The department shall promulgate
6 regulations to implement the provisions of this article.

7 (b) Guidelines.--The department shall develop written
8 guidelines for the implementation of this article. The
9 guidelines shall be in effect until the department promulgates
10 regulations for the implementation of the provisions of this
11 article.

12 Section 1909-K. Tax compliance.

13 The provisions of Article XVII-A.1 apply to the application
14 of this article.

15 Section 1910-K. Applicability.

16 The provisions of this article shall apply to taxable years
17 beginning after December 31, 2024.

18 Section 24. Section 2901-D of the act is amended by adding
19 definitions to read:

20 Section 2901-D. Definitions.

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

24 "Blockchain." A distributed ledger technology in which the
25 data is:

26 (1) shared across a network that creates a digital
27 ledger of verified transactions or information among network
28 participants; and

29 (2) typically linked using cryptography to maintain the
30 integrity of the digital ledger and execute other functions,
31 including the transfer of ownership or value.

32 * * *

33 "Proof of work crypto-asset mining." The process of
34 performing computations to add a valid block of data to a
35 blockchain, excluding computations required to validate
36 individual transactions, typically in exchange for a reward or
37 fee.

38 * * *

39 Section 25. Section 2931-D(c)(2) of the act is amended by
40 adding a subparagraph to read:

41 Section 2931-D. Sales and use tax exemption.

42 * * *

43 (c) Exclusions.--The following shall not qualify for a tax
44 exemption:

45 * * *

46 (2) Computer data center equipment used by the certified
47 computer data center for any of the following purposes:

48 * * *

49 (iii) Proof of work crypto-asset mining.

50 * * *

51 Section 26. The act is amended by adding an article to read:

ARTICLE XXIX-I
TUITION ACCOUNT PROGRAMS

Section 2901-I. Definitions.

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

"Account." As defined in section 302 of the act of April 3, 1992 (P.L.28, No.11), known as the Tuition Account Programs and College Savings Bond Act.

"Account owner." As defined in section 302 of the Tuition Account Programs and College Savings Bond Act.

"Beneficiary." As defined in section 302 of the Tuition Account Programs and College Savings Bond Act.

"Tuition Account Program Contract." As defined in section 302 of the Tuition Account Programs and College Savings Bond Act.

Section 2902-I. Fees.

Notwithstanding section 313(c) of the act of April 3, 1992 (P.L.28, No.11), known as the Tuition Account Programs and College Savings Bond Act, the Treasury Department may not impose a fee on the termination of an account if the termination was a result of the death or disability of the beneficiary.

Section 2903-I. Taxation of payment.

Notwithstanding section 313(d) of the act of April 3, 1992 (P.L.28, No.11), known as the Tuition Account Programs and College Savings Bond Act, if a Tuition Account Program Contract is terminated under section 313(a) of the Tuition Account Programs and College Savings Bond Act, a payment received by an account owner from the Treasury Department shall not be considered in the classes of income under section 303 for the purpose of computing the tax under Article III.

Section 27. The amendment of section 701.1(b), (b.1) and (c) of the act shall apply to the ascertainment of the taxable amount of shares after December 31, 2024, and to the report and the payment of the bank and trust company shares tax due after March 14, 2025.

Section 28. The General Assembly finds and declares as follows:

(1) The amendment of section 701.1(b), (b.1) and (c) of the act shall not be relied upon to:

(i) ascertain the taxable amount of shares for a period prior to January 1, 2025;

(ii) ascertain the amount of tax due prior to March 15, 2025; or

(iii) authorize a refund of a tax paid for a period for which a report was due prior to March 15, 2025, beyond the extent to which the refund would have otherwise been due notwithstanding the amendment of section 701.1(b), (b.1) and (c) of the act.

(2) In ascertaining the taxable amount of shares for a period prior to January 1, 2025, the amount of goodwill

1 subtracted and disregarded in calculating the deduction for
2 United States obligations under section 701.1(b) of the act,
3 and the amount of goodwill deducted from the taxable amount
4 of shares under section 701.1(b.1) of the act, shall be
5 determined based on the law as in effect prior to the
6 effective date of this section, without any inference that
7 the amendment of section 701.1(b), (b.1) and (c) of the act
8 expanded, or confirmed any administrative determination that
9 limited or restricted, the extent to which goodwill could be
10 subtracted and disregarded under section 701.1(b) of the act
11 or deducted under section 701.1(b.1) of the act.

12 Section 29. A computer data center that has met the
13 eligibility requirements and has been certified under Article
14 XXIX-D prior to the effective date of this section shall be
15 deemed to meet the certification requirements of Article XXIX-D.
16 The certification may not be revoked, except as provided under
17 section 2917-D of the act, and shall remain in effect for the
18 remainder of the qualification period, as defined in section
19 2931-D(d).

20 Section 30. The amendment, addition or repeal of the
21 following sections of the act shall apply as follows:

22 (1) Section 204(76) shall apply to transactions
23 occurring after September 30, 2024.

24 (2) Sections 301(o.5) and (t.1) shall apply to taxable
25 years commencing after December 31, 2023.

26 (3) Section 303(a.7)(7) shall apply to taxable years
27 commencing after December 31, 2022.

28 (4) Section 303 (a.11) shall apply to taxable years
29 commencing after December 31, 2024.

30 (5) Section 303(a.12) shall apply to taxable years
31 commencing after December 31, 2023.

32 (6) Section 401(3)1(b.2) shall apply to taxable years
33 commencing after December 31, 2023.

34 (7) Section 401(3)1(u) shall apply to taxable years
35 commencing after December 31, 2022.

36 (8) Section 1703-H(b) shall apply to fiscal years
37 beginning after June 30, 2024.

38 (9) Sections 1704-J(b), 1707-J(a), (c) and (d), 1904-
39 A(c) and 1905-A(a) shall apply to fiscal years beginning
40 after June 30, 2024.

41 (10) Sections 1822-G, 1824-G, 1830-G and 1833-G shall
42 apply to fiscal years beginning after June 30, 2024.

43 (11) Articles XIX-J and XIX-K shall apply to taxable
44 years commencing after December 31, 2024.

45 (12) Sections 2901-D and 2931-D(c)(2)(iii) shall apply
46 to taxable years commencing after December 31, 2025.

47 Section 31. This act shall take effect as follows:

48 (1) The following shall take effect immediately:

49 (i) The amendment, addition or repeal of the
50 following:

51 (A) Section 204(76) of the act.

1 (B) Section 301(o.5) and (t.1) of the act.
2 (C) Section 303(a.7) (2) (I) (B) and (7), (a.11)
3 and (a.12) of the act.
4 (D) Section 360.1 of the act.
5 (E) Section 401(3)1(b.2) and (u) of the act.
6 (F) Section 401.1 of the act.
7 (G) Section 701.1(b), (b.1) and (c) of the act.
8 (H) Section 1102-C.6(a), (b) and (d) of the act.
9 (I) Sections 1704-J(b) and 1707-J(a), (c) and
10 (d) of the act.
11 (J) Sections 1802-C, 1803-C, 1804-C(b.2), (c),
12 (c.2), (d) and (e), 1809-C(a) and (b), 1812-C(a) and
13 (c), 1813-C(c) (1) and (5), 1814-C(a) and (b) and
14 1819-C(a) introductory paragraph of the act.
15 (K) Sections 1822-G, 1824-G, 1830-G and 1833-G
16 of the act.
17 (L) Sections 1904-A(c) and 1905-A(a) of the act.
18 (M) Articles XIX-J, XIX-K and XXIX-I of the act.
19 (ii) This section and sections 27, 28, 29 and 30 of
20 this act.
21 (2) The amendment of section 2901-D and 2931-D(c) (2)
22 (iii) shall take effect December 31, 2025.
23 (3) The remainder of this act shall take effect in 60
24 days.