

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2511 Session of
2004

INTRODUCED BY CASORIO, DeWEESE, BEBKO-JONES, BELARDI, BELFANTI,
BISHOP, BROWNE, CAPPELLI, CORRIGAN, CRUZ, FREEMAN, FABRIZIO,
GERGELY, HARHAI, HENNESSEY, HORSEY, JAMES, KIRKLAND, KOTIK,
LAUGHLIN, LEACH, LEDERER, McILHATTAN, PETRARCA, PRESTON,
READSHAW, SCAVELLO, SOLOBAY, TANGRETTI, THOMAS, TIGUE,
WANSACZ, WASHINGTON, WOJNAROSKI, YOUNGBLOOD, YUDICHAK AND
PALLONE, APRIL 13, 2004

REFERRED TO COMMITTEE ON FINANCE, APRIL 13, 2004

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," amending provisions relating to the neighborhood
11 assistance tax credit program.

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

14 Section 1. Section 1902-A of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended May
16 7, 1997 (P.L.85, No.7), is amended to read:

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

1 "Business firm." Any business entity authorized to do
2 business in this Commonwealth and subject to taxes imposed by
3 Article IV, VI, VII, VII-A, VIII, VIII-A, IX, X or XV of this
4 act.

5 "Community services." Any type of counseling and advice,
6 emergency assistance or medical care furnished to individuals or
7 groups in an impoverished area.

8 "Comprehensive service plan." A strategy developed jointly
9 by a neighborhood organization and a sponsoring business firm or
10 private company for the stabilization and improvement of an
11 impoverished area within an urban neighborhood or rural
12 community.

13 "Comprehensive service project." Any activity conducted
14 jointly by a neighborhood organization and a sponsoring business
15 firm which implements a comprehensive service plan.

16 "Crime prevention." Any activity which aids in the reduction
17 of crime in an impoverished area.

18 "Education." Any type of scholastic instruction or
19 scholarship assistance to an individual who resides in an
20 impoverished area that enables that individual to prepare for
21 better life opportunities.

22 "Enterprise [zones] communities." Specific locations with
23 identifiable boundaries within impoverished areas which are
24 designated as enterprise zones by the Secretary of Community and
25 Economic Development[.] and shall include federally designated
26 enterprise communities and federally designated empowerment
27 zones as provided for in the Omnibus Budget Reconciliation Act
28 of 1993 (Public Law 103-66, 107 Stat. 312) and those
29 municipalities designated as distressed municipalities under the
30 act of July 10, 1987 (P.L.246, No.47), known as the

1 "Municipalities Financial Recovery Act."

2 "Impoverished area." Any area in this Commonwealth which is
3 certified as such by the Department of Community and Economic
4 Development and the certification is approved by the Governor.
5 Such certification shall be made on the basis of Federal census
6 studies and current indices of social and economic conditions.

7 "Job training." Any type of instruction to an individual who
8 resides in an impoverished area that enables that individual to
9 acquire vocational skills so that the individual can become
10 employable or be able to seek a higher grade of employment.

11 "Neighborhood assistance." Furnishing financial assistance,
12 labor, material and technical advice to aid in the physical
13 improvement of any part or all of an impoverished area.

14 "Neighborhood organization." Any organization performing
15 community services, offering neighborhood assistance or
16 providing job training, education or crime prevention in an
17 impoverished area, holding a ruling from the Internal Revenue
18 Service of the United States Department of the Treasury that the
19 organization is exempt from income taxation under the provisions
20 of the Internal Revenue Code of 1986 (Public Law 99-514, 26
21 U.S.C. § 1 et seq.) and approved by the Department of Community
22 [Affairs] and Economic Development.

23 "Private company." Any agricultural, industrial,
24 manufacturing or research and development enterprise as defined
25 in section 3 of the act of May 17, 1956 (1955 P.L.1609, No.537),
26 known as the "Pennsylvania Industrial Development Authority
27 Act," or any commercial enterprise as defined in section 3 of
28 the act of August 23, 1967 (P.L.251, No.102), known as the
29 "Economic Development Financing Law."

30 "Qualified investments." Any investments made by a private

1 company which promote community economic development pursuant to
2 a plan which has been developed in cooperation with and approved
3 by a neighborhood organization operating pursuant to a plan for
4 the administration of tax credits approved by the Department of
5 Community and Economic Development.

6 "Secretary." The Secretary of Community and Economic
7 Development of the Commonwealth.

8 Section 2. Section 1904-A of the act, amended April 23, 1998
9 (P.L.239, No.45), is amended to read:

10 Section 1904-A. Tax Credit.--(a) Any business firm which
11 engages or contributes to a neighborhood organization which
12 engages in the activities of providing neighborhood assistance,
13 comprehensive service projects, job training or education for
14 individuals, community services or crime prevention in an
15 impoverished area or private company which makes qualified
16 investment to rehabilitate, expand or improve buildings or land,
17 whether through purchase or long-term lease, leasehold
18 improvements or other agreements as approved by the Department
19 of Community and Economic Development, located within portions
20 of impoverished areas which have been designated as enterprise
21 zones shall receive a tax credit as provided in section 1905-A
22 if the secretary annually approves the proposal of such business
23 firm or private company. The proposal shall set forth the
24 program to be conducted, the impoverished area selected, the
25 estimated amount to be invested in the program and the plans for
26 implementing the program.

27 (b) The secretary is hereby authorized to promulgate rules
28 and regulations for the approval or disapproval of such
29 proposals by business firms or private companies and provide a
30 listing of all applications received and their disposition in

1 each fiscal year to the General Assembly by October 1 of the
2 following fiscal year.

3 (c) The total amount of tax credit granted for programs
4 approved under this act shall not exceed [eighteen million
5 dollars (\$18,000,000)] twenty-five million dollars (\$25,000,000)
6 of tax credit in any fiscal year.

7 Section 3. Section 1905-A of the act, amended May 7, 1997
8 (P.L.85, No.7), is amended to read:

9 Section 1905-A. Grant of Tax Credit.--The Department of
10 Revenue shall grant a tax credit against any tax due under
11 Article IV, VI, VII, VII-A, VIII, VIII-A, IX, X or XV of this
12 act, or any tax substituted in lieu thereof in an amount which
13 shall not exceed fifty per cent of the total amount invested
14 during the taxable year by the business firm or twenty per cent
15 of qualified investments by a private company in programs
16 approved pursuant to section 1904-A of this act: Provided, That
17 a tax credit of up to seventy per cent of the total amount
18 invested during the taxable year by a business firm or up to
19 thirty per cent of the amount of qualified investments by a
20 private company may be allowed for investment in programs where
21 activities fall within the scope of special program priorities
22 as defined with the approval of the Governor in regulations
23 promulgated by the secretary. Regulations establishing special
24 program priorities are to be promulgated during the first month
25 of each fiscal year and at such times during the year as the
26 public interest dictates. Such credit shall not exceed two
27 hundred fifty thousand dollars (\$250,000) annually, except in
28 the case of comprehensive service projects which shall be
29 allowed an additional credit equal to seventy per cent of the
30 qualifying investments made in comprehensive service projects;

1 however, such additional credit shall not exceed three hundred
2 fifty thousand dollars (\$350,000) annually. No tax credit shall
3 be granted to any bank, bank and trust company, insurance
4 company, trust company, national bank, savings association,
5 mutual savings bank or building and loan association for
6 activities that are a part of its normal course of business. Any
7 tax credit not used in the period the investment was made may be
8 carried over for the next five succeeding calendar or fiscal
9 years until the full credit has been allowed. The total amount
10 of all tax credits allowed pursuant to this act shall not exceed
11 [eighteen million dollars (\$18,000,000)] twenty-five million
12 dollars (\$25,000,000) in any one fiscal year.

13 Section 4. This act shall take effect in 60 days.