

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1485 Session of  
1997

INTRODUCED BY CASORIO, DeWEESE, ITKIN, EVANS, VAN HORNE,  
GIGLIOTTI, READSHAW, C. WILLIAMS, COLAIZZO, LAUGHLIN,  
PETRONE, GRUITZA, LEDERER, STABACK, JOSEPHS, TRAVAGLIO,  
ROBINSON, MANDERINO, SANTONI, DALEY, TIGUE, SURRA, TRELLO,  
CORPORA, BOSCOLA, WOJNAROSKI, PETRARCA, BROWNE, SEYFERT AND  
RAMOS, MAY 8, 1997

REFERRED TO COMMITTEE ON FINANCE, MAY 8, 1997

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," further providing for the neighborhood assistance  
11 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, added June  
16 16, 1994 (P.L.279, No.48), 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. P.L.413, No.67)

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 him to prepare himself for better  
21 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  
25 [Affairs.] and Economic Development and shall include federally  
26 designated enterprise communities and federally designated  
27 empowerment zones as provided for in the Omnibus Budget  
28 Reconciliation Act of 1993 (Public Law 103-66, 107 Stat. 312)  
29 and those municipalities designated as distressed municipalities  
30 under the 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 [Affairs] and  
4 Economic Development and the certification is approved by the  
5 Governor. Such certification shall be made on the basis of  
6 Federal census studies and current indices of social and  
7 economic conditions.

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

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

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

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

1 "Qualified investments." Any investments made by a private  
2 company which promote community economic development pursuant to  
3 a plan which has been developed in cooperation with and approved  
4 by a neighborhood organization operating pursuant to a plan for  
5 the administration of tax credits approved by the Department of  
6 Community [Affairs] and Economic Development.

7 Section 2. Sections 1904-A and 1905-A of the act, amended or  
8 added June 16, 1994 (P.L.279, No.48) and June 30, 1995 (P.L.139,  
9 No.21) are 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 job training or education for individuals, community services or  
14 crime prevention in an impoverished area or private company  
15 which makes qualified investment to rehabilitate, expand or  
16 improve buildings or land, whether through purchase or long-term  
17 lease, leasehold improvements or other agreements as approved by  
18 the Department of Community and Economic Development, located  
19 within portions of impoverished areas which have been designated  
20 as enterprise zones shall receive a tax credit as provided in  
21 section 1905-A if the Secretary of Community [Affairs] and  
22 Economic Development annually approves the proposal of such  
23 business firm or private company. The proposal shall set forth  
24 the 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 of Community [Affairs] and Economic  
28 Development is hereby authorized to promulgate rules and  
29 regulations for the approval or disapproval of such proposals by  
30 business firms or private companies and provide a listing of all

1 applications received and their disposition in each fiscal year  
2 to the General Assembly by October 1 of the following fiscal  
3 year.

4 (c) The total amount of tax credit granted for programs  
5 approved under this act shall not exceed [sixteen million seven  
6 hundred fifty thousand dollars (\$16,750,000)] twenty-five  
7 million dollars (\$25,000,000) of tax credit in any fiscal year,  
8 subject to the following:

9 (1) [two million dollars (\$2,000,000)] a minimum of eight  
10 million dollars (\$8,000,000) of the total amount of tax credit  
11 shall be allocated for comprehensive service projects, but the  
12 Secretary of Community [Affairs] and Economic Development may  
13 reallocate any unused portion of the [two million dollars  
14 (\$2,000,000)] eight million dollars (\$8,000,000) for any other  
15 program authorized by this act if insufficient applications are  
16 made for comprehensive service projects; and

17 (2) [four million dollars (\$4,000,000)] a minimum of six  
18 million dollars (\$6,000,000) of the total amount of tax credit  
19 shall be set aside exclusively for private companies which make  
20 qualified investments to rehabilitate, expand or improve  
21 buildings or land which promote community economic development  
22 and which occur in portions of impoverished areas which have  
23 been designated as enterprise [zones] communities.

24 Section 1905-A. Grant of Tax Credit.--The Department of  
25 Revenue shall grant a tax credit against any tax due under  
26 Article IV, VI, VII, VII-A, VIII, VIII-A, IX, X or XV of this  
27 act, or any tax substituted in lieu thereof in an amount which  
28 shall not exceed fifty per cent of the total amount invested  
29 during the taxable year by the business firm or twenty per cent  
30 of qualified investments by a private company in programs

1 approved pursuant to section 1904-A of this act: Provided, That  
2 a tax credit of up to seventy per cent of the total amount  
3 invested during the taxable year by a business firm or up to  
4 thirty per cent of the amount of qualified investments by a  
5 private company may be allowed for investment in programs where  
6 activities fall within the scope of special program priorities  
7 as defined with the approval of the Governor in regulations  
8 promulgated by the Secretary of the Department of Community  
9 [Affairs] and Economic Development. Regulations establishing  
10 special program priorities are to be promulgated during the  
11 first month of each fiscal year and at such times during the  
12 year as the public interest dictates. Such credit shall not  
13 exceed two hundred fifty thousand dollars (\$250,000) annually,  
14 except in the case of comprehensive service projects which shall  
15 be allowed an additional credit equal to seventy per cent of the  
16 qualifying investments made in comprehensive service projects;  
17 however, such additional credit shall not exceed one hundred  
18 seventy-five thousand dollars (\$175,000) annually. No tax credit  
19 shall be granted to any bank, bank and trust company, insurance  
20 company, trust company, national bank, savings association,  
21 mutual savings bank or building and loan association for  
22 activities that are a part of its normal course of business. Any  
23 tax credit not used in the period the investment was made may be  
24 carried over for the next five succeeding calendar or fiscal  
25 years until the full credit has been allowed. The total amount  
26 of all tax credits allowed pursuant to this act shall not exceed  
27 [sixteen million seven hundred fifty thousand dollars  
28 (\$16,750,000)] twenty-five million dollars (\$25,000,000) in any  
29 one fiscal year.

30 Section 3. Section 1906-A, added June 16, 1994 (P.L.279,

1 No.48) is amended to read:

2 Section 1906-A. Decision in Writing.--The decision of the  
3 Secretary of Community [Affairs] and Economic Development to  
4 approve or disapprove a proposal pursuant to section 1904-A of  
5 this act shall be in writing, and, if it approves the proposal,  
6 it shall state the maximum credit allowable to the business  
7 firm. A copy of the decision of the Secretary of Community  
8 [Affairs] and Economic Development shall be transmitted to the  
9 Governor and to the Secretary of Revenue.

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