

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2284 Session of  
1998

INTRODUCED BY ROBERTS, JAMES, ORIE, CALTAGIRONE, COY, READSHAW,  
LEDERER, WOJNAROSKI, STABACK, CARN, LAUGHLIN, McCALL,  
L. I. COHEN, YOUNGBLOOD, DALEY, BOSCOLA, WAUGH, RAMOS,  
STEELMAN, COWELL, C. WILLIAMS, THOMAS AND MYERS,  
MARCH 11, 1998

REFERRED TO COMMITTEE ON FINANCE, MARCH 11, 1998

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," providing for new business development tax  
11 credits.

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

14 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as  
15 the Tax Reform Code of 1971, is amended by adding an article to  
16 read:

ARTICLE XIX-B

NEW BUSINESS DEVELOPMENT TAX CREDIT

19 Section 1901-B. Short Title.--This article shall be known  
20 and may be cited as the New Business Tax Credit Act.

21 Section 1902-B. Definitions.--The following words, terms and

1 phrases, when used in this article, shall have the meanings  
2 ascribed to them in this section, except where the context  
3 clearly indicates a different meaning:

4 "Credit." The new business development tax credit provided  
5 for in this article.

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

8 "New business." A person, sole proprietorship, partnership,  
9 corporation or other business entity authorized to do business  
10 in this Commonwealth and which on the date of application for a  
11 credit under this article has been operating for less than one  
12 year. The term shall not include a business entity which  
13 undergoes a change in form or ownership for the purpose of  
14 making application for a credit under this article.

15 "Secretary." The Secretary of Community and Economic  
16 Development of the Commonwealth.

17 Section 1903-B. Public Policy.--It is hereby declared to be  
18 the public policy of this Commonwealth to encourage the  
19 development and vitality of new businesses.

20 Section 1904-B. Tax Credit.--(a) A new business shall  
21 submit an application for a credit to the department. If the  
22 department determines that the new business is eligible under  
23 this article and regulations promulgated by the department, the  
24 new business shall receive a tax credit as provided in  
25 subsection (b).

26 (b) The Department of Revenue shall grant a tax credit  
27 against any tax due under Article III, IV or VI of this act, or  
28 any tax substituted in lieu thereof in accordance with the  
29 following schedule:

30 Tax Year Following                      Percentage of Tax Offset

|    |                           |                     |
|----|---------------------------|---------------------|
| 1  | <u>Approval of Credit</u> | <u>by Credit</u>    |
| 2  | <u>First</u>              | <u>100 per cent</u> |
| 3  | <u>Second</u>             | <u>90 per cent</u>  |
| 4  | <u>Third</u>              | <u>80 per cent</u>  |
| 5  | <u>Fourth</u>             | <u>70 per cent</u>  |
| 6  | <u>Fifth</u>              | <u>60 per cent</u>  |
| 7  | <u>Sixth</u>              | <u>50 per cent</u>  |
| 8  | <u>Seventh</u>            | <u>40 per cent</u>  |
| 9  | <u>Eighth</u>             | <u>30 per cent</u>  |
| 10 | <u>Ninth</u>              | <u>20 per cent</u>  |
| 11 | <u>Tenth</u>              | <u>10 per cent</u>  |

12 (c) After the tenth tax year following approval of a credit,  
13 a new business shall not be eligible for any additional credit  
14 under this article.

15 Section 1905-B. Rules and Regulations.--The secretary shall  
16 promulgate rules and regulations to administer and enforce the  
17 provisions of this article.

18 Section 1906-B. Communications to General Assembly.--(a)  
19 The secretary shall advise the Appropriations Committee of the  
20 Senate and the Appropriations Committee of the House of  
21 Representatives in a timely fashion of the amount of funding  
22 required to effectively promote and administer the credit  
23 provided for in this article.

24 (b) A report shall be delivered by the secretary to the  
25 committees of the Senate and the House of Representatives having  
26 jurisdiction over the matter of tax credits on the first  
27 anniversary of the granting of a credit under this article and  
28 every three years thereafter.

29 Section 2. This act shall apply to taxable years beginning  
30 after December 31, 1998.

1 Section 3. This act shall take effect immediately.