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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**SENATE BILL**

**No. 122**      Session of  
1997

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INTRODUCED BY MOWERY, WENGER, SALVATORE, HART, PUNT, JUBELIRER,  
AFFLERBACH, O'PAKE, ROBBINS, DELP, THOMPSON, MUSTO, KASUNIC  
AND RHOADES, JANUARY 21, 1997

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REFERRED TO FINANCE, JANUARY 21, 1997

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AN ACT

1 Providing tax credits for computer, scientific and video and  
2 audio equipment and services donated to schools by business.

3 The General Assembly of the Commonwealth of Pennsylvania  
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Education  
7 Assistance Tax Credit Act.

8 Section 2. Legislative findings.

9 The General Assembly finds as follows:

10 (1) Technologies such as computers, access to the  
11 Internet, televisions, video cassette recorders(VCRs) and  
12 scientific equipment and the associated training in the use  
13 of modern technologies have the potential to significantly  
14 improve the education provided to this Commonwealth's school  
15 children and to enhance their ability to participate in the  
16 increasingly technological workplaces of the 21st century.

17 (2) Many schools do not have the financial resources to

1 provide their students with the technological and scientific  
2 equipment needed for their school children to receive a world  
3 class education.

4 (3) A well-trained and well-educated work force is  
5 essential to the economic well-being of this Commonwealth.

6 (4) Donations of technological equipment and services to  
7 this Commonwealth's schools by the business community in  
8 return for tax credits can provide a cost-effective way for  
9 this Commonwealth to greatly expand the supply of  
10 technological equipment in this Commonwealth's schools and an  
11 affordable way for Pennsylvania businesses, which continue to  
12 face some of the highest business tax rates in the nation, to  
13 further contribute to the support of education.

14 Section 3. Definitions.

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

18 "Business entity." A corporation having capital stock,  
19 joint-stock association or limited partnership, either organized  
20 under the laws of this Commonwealth, the United States or any  
21 other state, territory or foreign country or dependency, and  
22 doing business in this Commonwealth, or having capital or  
23 property employed or used in this Commonwealth by or in the name  
24 of itself or any person, partnership, association, limited  
25 partnership, joint-stock association or corporation and subject  
26 to taxes under Article IV or Article VI of the act of March 4,  
27 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971. The  
28 term shall also include businesses operating as S corporations,  
29 sole proprietorships or partnerships that are subject to taxes  
30 under Article III of the Tax Reform Code of 1971 and building

1 and loan associations, banks, bank and trust companies, national  
2 banks, savings institutions, trust companies and insurance and  
3 surety companies that are subject to taxes under Article VI,  
4 VII, VII-A, VIII, VIII-A, IX, X or XV of the Tax Reform Code of  
5 1971.

6 "Computer equipment." A data processor which can be  
7 programmed in at least two standard computer languages, which  
8 has a random access memory with a capacity for at least 32,000  
9 bytes and is or can be used connected to a screen for visual  
10 display of data and information. The term includes display  
11 screens or monitors, printers, disk drives, including CD-ROM  
12 (compact disk-read only memory) drives or readers, networking  
13 and computer hardware and software to enable local area  
14 networking (LAN), wide area networking (WAN) and Internet  
15 capabilities, installation costs and software, if donated with a  
16 data processor or that can be used to enhance a school's  
17 existing computer resources and/or capabilities.

18 "Computer software." Computer programs and instruction in  
19 the use of the program donated by a business entity.

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

21 "Donated equipment." Computer, scientific or video or audio  
22 equipment given to a school entity solely for educational  
23 purposes and not transferred for money, property, services or  
24 other consideration. The original use of the equipment  
25 immediately after the donation shall be by the donee.

26 "Donated services." Computer software or labor donated by an  
27 individual to a school entity used either in classroom  
28 instruction or programming computer equipment, provided that the  
29 individual is an employee of a business entity and has donated  
30 the labor with the knowledge and assent of that business entity.

1 Donated labor shall include, but not be limited to, instruction  
2 and training on the use of the donated equipment, installation  
3 of the donated equipment and any necessary modifications to a  
4 school classroom or school facility, including, but not limited  
5 to, rewiring of the electrical system in order for the donated  
6 equipment to function.

7 "Market value." The retail sale price of computer,  
8 scientific or video or audio equipment.

9 "Residual value." The difference between the market price of  
10 the donated equipment and any depreciation allowances which have  
11 been authorized for the equipment.

12 "School entity." A school district, joint school district,  
13 area vocational-technical school, intermediate unit, private  
14 academic school, approved private school or licensed private  
15 school.

16 "Scientific equipment." Technical or electronic equipment  
17 used in teaching science or mathematics, including laboratory  
18 equipment which is no older than five years old. Such equipment  
19 may include equipment that is routinely used in the teaching of  
20 science or mathematics and equipment that is not routinely used  
21 in the teaching of science or mathematics courses but that is  
22 commonly used in the workplaces and fields of health, the  
23 environment, scientific research, biology, chemistry,  
24 mathematics, physics or other scientific or mathematics field  
25 and which can be used by the school entity to significantly  
26 enhance the teaching of and students' exposure to science or  
27 mathematics.

28 "Video and audio equipment." Televisions, video cassette  
29 recorders (VCRs), receivers, wireless communications devices and  
30 related video and audio equipment that can be used to enhance

1 the education provided to school children.

2 Section 4. Credit against taxes.

3 A business entity shall be entitled to a credit against taxes  
4 imposed under Article III, IV, VI, VII, VII-A, VIII, VIII-A, IX,  
5 X or XV of the act of March 4, 1971 (P.L.6, No.2), known as the  
6 Tax Reform Code of 1971, or any tax substituted in lieu thereof,  
7 for the tax year in which any equipment or services were  
8 donated. The credit shall be calculated as follows:

9 (1) For new computer, scientific or video or audio  
10 equipment, 50% of the market value.

11 (2) For used computer equipment that is two years old or  
12 less, used scientific equipment that is five years old or  
13 less or used video or audio equipment that is three years old  
14 or less, 50% of the residual value.

15 (3) For used computer equipment that is more than two  
16 years old but less than five years old, used scientific  
17 equipment that is more than five years old but less than  
18 eight years old or video or audio equipment that is more than  
19 three years old but less than six years old, 25% of the  
20 residual value.

21 (4) For computer software, 50% of the actual acquisition  
22 cost of the software.

23 (5) For labor donations, 50% of the wages or salary of  
24 the employee whose labor has been donated.

25 Section 5. Note of donation.

26 In accordance with regulations adopted by the department, the  
27 business entity shall submit a note of donation which shall  
28 include the following:

29 (1) A description of the donated equipment, computer  
30 software or services.

1           (2) An appraisal of the value of the donated equipment,  
2 computer software or services.

3           (3) A statement by the donee that the donated equipment,  
4 computer software or service has been received, identifying  
5 the educational use which will be made of the equipment or  
6 computer software.

7           (4) An affidavit by the donee that no special  
8 consideration was made in exchange for the donation.

9 Section 6. Limit on total credit.

10          The following limits are imposed on the tax credits made  
11 available under this act:

12           (1) The total tax credit that may be claimed by any  
13 single business entity shall not exceed \$250,000 in any one  
14 year.

15           (2) The total amount of all tax credits authorized under  
16 this act shall not exceed \$10,000,000 in any one fiscal year.

17 Section 7. Unused credit.

18          Any portion of a tax credit that remains unused during a  
19 business entity's fiscal year may be applied against the tax  
20 imposed under Article IV, VI, VII, VII-A, VIII, VIII-A, IX, X or  
21 XV of the act of March 4, 1971 (P.L.6, No.2), known as the Tax  
22 Reform Code of 1971, or any tax substituted in lieu thereof, for  
23 the ensuing five fiscal years.

24 Section 8. Department powers and duties.

25          The department has the power and its duty shall be to adopt  
26 rules, regulations, procedures and forms that may be necessary  
27 to implement this act.

28 Section 9. Effective date.

29          This act shall take effect in 90 days.