

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 167 Session of  
1999

INTRODUCED BY HERMAN, BROWNE, HUTCHINSON, MARKOSEK, McNAUGHTON,  
PESCI, SAYLOR, C. WILLIAMS, ARGALL, ARMSTRONG, BAKER, BARD,  
BELFANTI, BUNT, CAWLEY, CLARK, COY, CURRY, DALLY, EACHUS,  
FAIRCHILD, FEESE, FICHTER, FLICK, FREEMAN, GEIST, GEORGE,  
GRUITZA, HARHAI, HERSHEY, LAUGHLIN, MAITLAND, MANDERINO,  
McCALL, MELIO, MICHLOVIC, MICOZZIE, PETRARCA, RAMOS,  
READSHAW, ROSS, SANTONI, SATHER, SCHRODER, SCRIMENTI, SEMMEL,  
SEYFERT, STABACK, STAIRS, STEIL, STURLA, SURRA, THOMAS,  
TIGUE, VAN HORNE AND WALKO, JANUARY 27, 1999

REFERRED TO COMMITTEE ON FINANCE, JANUARY 27, 1999

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 a child care tax credit.

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

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

ARTICLE XXII

CHILD CARE TAX CREDIT

18 Section 2201. Short Title.--This article shall be known and

1 may be cited as the Child Care Tax Credit Act.

2 Section 2202. Definitions.--The following words, terms and  
3 phrases, when used in this article, shall have the meanings  
4 ascribed to them in this section, except where the context  
5 clearly indicates otherwise:

6 "Business firm." Any corporation, partnership or sole  
7 proprietorship authorized to do business in this Commonwealth  
8 and subject to any of the taxes imposed by Article III, IV, VI,  
9 VII, VIII, IX, X, XIII or XV of this act.

10 "Credit." The child care tax credit.

11 "Highly compensated individuals." Those individuals who, in  
12 the aggregate, receive the top twenty-five per cent of all  
13 employe compensation paid by the business firm.

14 Section 2203. Authorization of Credit.--(a) A business firm  
15 that operates its own child-care facility which meets the  
16 following requirements shall be eligible for the tax credit:

17 (1) The child-care center has been issued a valid license by  
18 the Department of Public Welfare.

19 (2) Children of the business firm's employees utilize the  
20 center on a regular basis.

21 (3) At least fifty per cent of the employees utilizing the  
22 child-care center are not stockholders who own more than ten per  
23 cent in value of the stock of the corporation.

24 (4) The child-care program equitably benefits groups of  
25 employees who qualify under a classification set up by the  
26 employer which is not discriminatory in favor of highly  
27 compensated individuals, officers, shareholders, owners or their  
28 dependents.

29 (5) At least eighty per cent of the children utilizing the  
30 child-care center shall be children of the business firm's

1 employees.

2 (b) A business firm which makes contributions to a child-  
3 care facility not operated by the business firm shall be  
4 eligible for the tax credit if the following requirements are  
5 met:

6 (1) The child-care center has been issued a valid license by  
7 the Department of Public Welfare.

8 (2) At least fifty per cent of the employees utilizing the  
9 child-care center are not stockholders who own more than ten per  
10 cent in value of the stock of the corporation.

11 (3) The child-care program equitably benefits groups of  
12 employees who qualify under a classification set up by the  
13 corporation which is not discriminatory in favor of highly  
14 compensated individuals, officers, shareholders, owners or their  
15 dependents.

16 Section 2204. Calculation of Credit.--(a) The amount of the  
17 tax credit available to a business firm which qualifies under  
18 this article and operates its own not-for-profit child-care  
19 center shall be equal to fifty per cent of the net costs  
20 expended for the operation and maintenance of the child-care  
21 center plus fifty per cent of the annual depreciation allowance  
22 for capital expenditures for the construction or renovation of  
23 the child-care center.

24 (b) The amount of the tax credit available to a business  
25 firm which qualifies under this article and contributes to a  
26 child-care center not operated by the business firm shall be  
27 equal to fifty per cent of the contributions made by the  
28 business firm to the child-care center.

29 Section 2205. Powers and Duties.--In addition to those  
30 powers created by any other act, the Secretary of Revenue shall

1 have the power and it shall be the secretary's duty to:

2 (1) Promulgate and publish any rules and regulations which  
3 may be required to implement this article.

4 (2) Publish as a notice in the Pennsylvania Bulletin, no  
5 later than November 30, 1999, forms upon which taxpayers may  
6 apply for the tax credit authorized by this article.

7 (3) Within five months after the close of any calendar year  
8 during which tax credits granted pursuant to this article were  
9 used, furnish to the members of the General Assembly an annual  
10 report providing as to each business firm which used tax credits  
11 during the preceding calendar year pursuant to this article, the  
12 employer's name, address, standard industrial classification  
13 code and the amount of tax credits granted.

14 (4) The provisions of section 408(b) of this act relating to  
15 confidentiality of information, and any other provisions of law  
16 preventing the disclosure of information required pursuant to  
17 subclause (3) of this section, shall not apply when the  
18 information is divulged for the purposes of subclause (2) of  
19 this section.

20 Section 2. This act shall take effect beginning in the tax  
21 year 2000.