

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 631 Session of
1999

INTRODUCED BY KUKOVICH, HELFRICK, BODACK, TARTAGLIONE, STOUT,
O'PAKE, COSTA, MUSTO, WAGNER, WHITE, KASUNIC, HUGHES, MELLOW,
BELAN AND SCHWARTZ, MARCH 24, 1999

REFERRED TO FINANCE, MARCH 24, 1999

AN ACT

1 Providing for a child-care business tax credit.

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

4 Section 1. Short title.

5 This act shall be known and may be cited as the Child-Care
6 Business Tax Credit Act.

7 Section 2. Definitions.

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

11 "Business firm." Any corporation, partnership, sole
12 proprietorship or other entity authorized to do business in this
13 Commonwealth and subject to any of the taxes imposed by Article
14 III, IV, VI, VII, VIII, IX or XV of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971.

16 "Contributions." Net payments made to a child-care facility
17 not operated by the business firm for child-care services for

1 the children of employees of the business firm.

2 "Credit." The child-care business tax credit.

3 "Highly compensated individuals." Those individuals who, in
4 the aggregate, receive the top 25% of all employee compensation
5 paid by the business firm.

6 "Net costs." Amounts, exclusive of startup expenses,
7 expended for the operation of a child-care facility reduced by
8 the fees or charges paid by the users of the child-care facility
9 services.

10 "Startup expenses." The term includes, but is not limited
11 to, feasibility studies, site preparation and construction of a
12 new facility or renovation or acquisition of an existing
13 facility for purposes of establishing or expanding an onsite or
14 nearsite child-care facility by one or more business firms or
15 one or more building owners leasing space to business firms.
16 Section 3. Authorization of credit.

17 (a) Eligibility.--A business firm that operates its own
18 child-care facility which meets the following requirements shall
19 be eligible for the tax credit:

20 (1) The child-care facility has been issued a valid
21 license by the Department of Public Welfare.

22 (2) Children of the business firm's employees utilize
23 the facility on a regular basis.

24 (3) At least 50% of the employees utilizing the child-
25 care facility are not individuals who own more than 10% of
26 the business firm.

27 (4) The child-care program equitably benefits groups of
28 employees who qualify under a classification set up by the
29 business firm which is not discriminatory in favor of highly
30 compensated individuals, officers, shareholders, owners or

1 their dependents.

2 (5) At least 80% of the children utilizing the child-
3 care facility shall be children of the business firm's
4 employees.

5 (b) Eligibility of nonoperation.--A business firm which
6 makes contributions to a child-care facility not operated by the
7 business firm shall be eligible for the tax credit if the
8 following requirements are met:

9 (1) The child-care facility has been issued a valid
10 license by the Department of Public Welfare.

11 (2) At least 50% of the employees utilizing the child-
12 care facility are not individuals who own more than 10% of
13 the business firm.

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

19 Section 4. Calculation of credit.

20 (a) Amount for startup expenses and operation.--Subject to
21 the limitations contained in subsection (c), the amount of the
22 tax credit available to a business firm which qualifies under
23 this act and operates its own not-for-profit child-care facility
24 shall be equal to 30% of startup expenses plus 25% of the net
25 costs of the child-care facility.

26 (b) Amount for facility not operated by business firm.--The
27 amount of the tax credit available to a business firm which
28 qualifies under this act and contributes to a child-care
29 facility not operated by the business firm shall be equal to 25%
30 of the contributions made by the business firm to the child-care

1 facility.

2 (c) Maximum tax credit.--The annual credit allowed a
3 business firm under this section shall be limited as follows:

4 (1) For startup expenses, \$25,000. Any unused portion of
5 the credit may be carried over for three taxable years.

6 (2) For operation of a child-care facility, \$12,000.

7 (3) For contributions to a child-care facility not owned
8 by the business firm, \$12,000.

9 Section 5. Taxes against which credit may be taken.

10 (a) Application.--Except as provided in (b), the tax credits
11 provided for in this act may be applied against any tax due
12 under Article III, IV, VI, VII, VIII, IX or XV of the act of
13 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
14 1971.

15 (b) Exception.--The tax credits provided for in this act
16 shall not be applied against employer withholding taxes required
17 under Article III of the Tax Reform Code of 1971.

18 Section 6. Powers and duties.

19 (a) Department of Revenue.--The Department of Revenue, in
20 cooperation with the Department of Public Welfare, shall
21 administer the provisions of this act, promulgate appropriate
22 rules, regulations and forms for that purpose and make such
23 determinations as may be required.

24 (b) Authorization certificate.--Child-care business tax
25 credits may be claimed only upon presentation of an authorizing
26 certificate. Certificates will be issued to a business firm upon
27 presentation to the Department of Public Welfare of evidence of
28 eligibility under this act.

29 (c) Department of Public Welfare.--The Department of Public
30 Welfare shall:

1 (1) Publish as a notice in the Pennsylvania Bulletin, no
2 later than 60 days after the effective date of this act,
3 forms upon which business firms may apply for the tax credit
4 authorized by this act.

5 (2) Within five months after the close of any calendar
6 year during which authorization certificates granted under
7 this act were issued, furnish to the members of the General
8 Assembly an annual report providing, as to each business firm
9 which was issued authorization certificates for tax credits
10 during the preceding calendar year pursuant to this act, the
11 employer's name, address, standard industrial classification
12 code and the amount of tax credits authorized.

13 (d) Confidentiality.--The provisions of section 408(b) of
14 the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform
15 Code of 1971, relating to confidentiality of information, and
16 any other provisions of law preventing the disclosure of
17 information shall not apply when the information is divulged for
18 the purposes of subsection (c)(2).

19 Section 7. Limitations.

20 The total amount of child-care business tax credits
21 authorized by this act shall not exceed \$10,000,000 in any
22 fiscal year. The Department of Public Welfare shall promulgate
23 regulations relating to issuance of certificates and refrain
24 from issuing certificates that may result in exceeding the
25 maximum authorized amount for any fiscal year.

26 Section 8. Time periods for earning and using credits.

27 Child-care business tax credits may be issued for startup
28 expenses, net costs or contributions occurring on or after
29 January 1, 1999, and before January 1, 2004. Child-care business
30 tax credits issued may be claimed against taxes payable for tax

1 years beginning after December 1, 1999, and before January 1,
2 2005.

3 Section 9. Effective date.

4 This act shall take effect immediately.