

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2848 Session of
2006

INTRODUCED BY D. EVANS, BUNT, COHEN, DALEY, FABRIZIO, GEORGE,
JAMES, JOSEPHS, LEACH, LEDERER, MANN, MELIO, PARKER, PETRONE,
STURLA, TANGRETTI, THOMAS AND WHEATLEY, JUNE 27, 2006

REFERRED TO COMMITTEE ON LABOR RELATIONS, JUNE 27, 2006

AN ACT

1 Providing for the establishment of programs throughout this
2 Commonwealth using the resources of this Commonwealth and
3 conferring incentives on employers to encourage employees to
4 live near their worksites; establishing a tax credit program
5 for employer; and imposing additional powers and duties on
6 the Pennsylvania Housing Finance Agency and the Department of
7 Revenue.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. Short title.

11 This act shall be known and may be cited as the Housing
12 Pennsylvania's Working Families Act.

13 Section 2. Legislative findings and purpose.

14 The General Assembly finds and declares as follows:

15 (1) There exists a mismatch between the location of job
16 growth and the location of housing that is affordable to
17 working families in this Commonwealth.

18 (2) This mismatch creates challenges for employers in
19 recruiting and retaining employees and for workers in terms
20 of greater housing burdens, longer commute times and lower

1 quality of life.

2 (3) Overcoming the mismatch of jobs and housing requires
3 a coordinated effort by public and private entities to make
4 significant contributions to the economic and social life of
5 communities and to the general benefit of this entire
6 Commonwealth.

7 (4) Employer-assisted housing programs serve to
8 alleviate this mismatch by enabling working individuals and
9 families to live near the worksite.

10 (5) It is in the interest of this Commonwealth to assist
11 and encourage the establishment of employer-assisted housing
12 programs by utilizing tax incentives to accomplish the
13 purpose of this act.

14 (6) This act is intended to accomplish the following
15 objectives:

16 (i) Expand affordable housing and homeownership
17 opportunities for low-income and moderate-income working
18 individuals and families.

19 (ii) Encourage employers, counties and
20 municipalities to invest in employer-assisted housing
21 programs.

22 (iii) Contribute to community stabilization,
23 revitalization and preservation through housing
24 investments.

25 (iv) Advance transportation policy in this
26 Commonwealth by reducing commute times.

27 (v) Promote the development of balanced, sustainable
28 and people-friendly communities in this Commonwealth.

29 Section 3. Definitions.

30 The following words and phrases when used in this act shall

1 have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

3 "Agency." The Pennsylvania Housing Finance Agency.

4 "Eligible employee." An individual:

5 (1) Who is employed by an employer.

6 (2) Whose family income is at or below limits
7 established in the Pennsylvania Housing Finance Agency's
8 Keystone Home Loan Program.

9 (3) Who, if he receives homeownership assistance and
10 does not meet credit standards established by the
11 Pennsylvania Housing Finance Agency, has participated in an
12 approved homeownership counseling program.

13 (4) Who meets any additional eligibility criteria set by
14 his employer's employer-assisted housing program as approved
15 under section 4.

16 "Eligible employer." An employer who wishes to receive tax
17 credits under this act and meets the following requirements:

18 (1) Applies to the Pennsylvania Housing Finance Agency
19 for approval of its employer-assisted housing program
20 according to the criteria set forth in section 4.

21 (2) Provides a donation to the employer-assisted housing
22 program that equals at least \$5,000.

23 "Employer-assisted housing program." A written plan of an
24 employer to make qualified housing expenditures toward the
25 housing expenses of eligible employees.

26 "Qualified housing expenditure." The financial contribution
27 of an employer to the costs of an employer-assisted housing
28 program in this Commonwealth and the technical assistance for
29 its employer-assisted housing program that includes
30 homeownership assistance or rental assistance for eligible

employees, including any of the following:

(1) payment of acquisition costs such as down payment and closing costs;

(2) providing or reducing the costs of financing, including the funding of a permanent interest rate buy-down;

(3) contributions to low-interest loan programs or revolving loan funds accessible to eligible employees;

(4) mortgage guarantee programs;

(5) contributions to homebuyer education and homeownership counseling of eligible employees;

(6) individual development account savings plans; or

(7) any other housing assistance that is deemed eligible by the Pennsylvania Housing Finance Agency, where the assistance is restricted to homes located within reasonable proximity to the work place, as described in the employer-assisted housing program and as approved under section 4 and is restricted to eligible employees.

"Sponsor." A not-for-profit housing counseling or technical assistance-providing organization that acts on behalf of an employer.

Tax credit." A tax credit allowed under the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

"Technical assistance." Any cost incurred by a sponsor for project planning and administration, assistance with applying for financing or counseling services provided to prospective homebuyers.

Section 4. Tax credit for employer-assisted housing programs.

(a) Authorization.--

(1) An eligible employer that establishes an approved employer-assisted housing program as described in subsection

1 (c), may receive a tax credit.

2 (2) A nonprofit employer that is not subject to the tax
3 imposed by subsections (a) and (b) of section 201 of the
4 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §
5 1 et seq.) and that establishes an employer-assisted housing
6 program may receive a tax credit as described in this section
7 and may transfer that credit as described in subsection (c).

8 (b) Amount.--

9 (1) The tax credit authorized under this section shall
10 be equal to 70% of the qualified housing expenditures made by
11 an eligible employer in connection to its employer-assisted
12 housing program during the taxable year.

13 (2) If the amount of the credit exceeds the tax
14 liability for the year, the excess may be carried over to
15 succeeding taxable years for no more than five taxable years
16 following the first taxable year for which the employer was
17 entitled to claim the tax credit.

18 (3) The tax credit shall be applied to the earliest year
19 for which there is a tax liability. If there are credits for
20 more than one year that are available to offset a tax
21 liability, the earlier credit shall be applied first.

22 (c) Procedure.--

23 (1) An employer seeking a tax credit under this section
24 must do all of the following:

25 (i) Apply to the agency for approval of its
26 employer-assisted housing program.

27 (ii) Apply to the agency for a tax credit under this
28 section. This application may be submitted by a sponsor
29 acting on the employer's behalf.

30 (2) The agency must reserve a specific amount of tax

1 credits for each approved employer-assisted housing program
2 for 24 months after the date of approval subject to the
3 availability of total tax credits, as follows:

4 (i) The aggregate of tax credits authorized under
5 this subsection in a fiscal year shall not exceed
6 \$2,000,000. The tax credits may be used for employer-
7 assisted housing programs and technical assistance for
8 employer-assisted housing programs anywhere in this
9 Commonwealth.

10 (ii) If the amount of tax credits available in any
11 fiscal year exceeds the amount of tax credits reserved by
12 the agency in that year, the excess shall go to the
13 agency and shall be used for projects that meet the
14 housing needs of low-income and moderate-income families.

15 (iii) No more than 10% of the tax credits awarded to
16 an employer in any year shall go toward the cost of
17 technical assistance.

18 (iv) Employers located in the Philadelphia
19 Metropolitan Statistical Area, as defined by the most
20 recent United States census, shall receive no less than
21 25% of the total tax credits authorized for each fiscal
22 year.

23 (3) The agency shall adopt guidelines for approving
24 employer-assisted housing programs and managing the
25 allocation of tax credits. The approval and allocation
26 process shall seek broad employer and employee participation
27 across this Commonwealth. Approval of employer-assisted
28 housing programs shall consider:

29 (i) The amount of employer-assisted housing tax
30 credits anticipated in the employer-assisted housing

1 plan.

2 (ii) The reasonableness of the definition of
3 geographic proximity to the workplace articulated in the
4 employer-assisted housing program.

5 (iii) The extent to which the employer-assisted
6 housing program contributes to the goals stated in
7 section 2.

8 (iv) The specific process for submission and
9 approval of tax credits.

10 (4) Within 30 days of receipt of a completed
11 application, the agency shall deny or grant the application.
12 The time period may be extended by mutual agreement of the
13 agency and the applicant. The decision shall be in writing.
14 If the application is approved, the notification shall state
15 the maximum credit allowable to the employer. A copy of the
16 decision of the agency shall be sent to the Secretary of
17 Revenue.

18 (5) The agency shall annually certify to the Department
19 of Revenue the applicant's compliance with the provisions of
20 this act and the guidelines promulgated by the department.

21 (6) The Department of Revenue, after receipt of an
22 application under subsection (a) and the certification under
23 subsection (b), shall grant a tax credit as provided in
24 subsection (a) to be used by the employer to satisfy any
25 Pennsylvania tax liability due under Article III, IV, VI,
26 VII, VIII, IX or XV of the act of March 4, 1971 (P.L.6,
27 No.2), known as the Tax Reform Code of 1971.

28 (7) (i) Tax credits allowed under this section may be
29 transferred, assigned or sold, in whole or in part, to
30 one or more individuals or entities. The assignee or

1 assignees may use the tax credits against any taxes
2 against which the assignor would have been entitled to
3 use the tax credit and may carry forward any unused tax
4 credits to each next succeeding taxable year for up to
5 five years commencing with the taxable year in which the
6 credit was allowed.

7 (ii) Assignees shall notify the agency and the
8 Department of Revenue in writing within 30 days following
9 the effective date of the transfer and shall provide such
10 information as required by the agency and the Department
11 of Revenue to administer and carry out the provisions of
12 this section.

13 (d) Reporting.--A taxpayer who claims the tax credit
14 provided by this section shall maintain and record any
15 information that the agency or the Department of Revenue may
16 require by regulation regarding the employer-assisted housing
17 project for which the tax credit is claimed.

18 (e) Construction.--Neither the tax credits authorized under
19 this section nor the proceeds of the sale, assignment or
20 transfer of the tax credits shall be construed as taxable income
21 under Article III of the Tax Reform Code of 1971.

22 Section 5. Effective date.

23 This act shall take effect immediately.