

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 162 Session of  
2007

INTRODUCED BY KITCHEN, COSTA, RAFFERTY, STOUT, TARTAGLIONE,  
FONTANA, C. WILLIAMS, ORIE, KASUNIC, ERICKSON, WASHINGTON,  
O'PAKE, LAVALLE, BROWNE, STACK AND LOGAN, MARCH 6, 2007

REFERRED TO FINANCE, MARCH 6, 2007

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," authorizing the digital divide 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:

16 ARTICLE XIX-B

17 DIGITAL DIVIDE TAX CREDIT

18 Section 1901-B. Short title of article.

19 This article shall be known and may be cited as the Digital  
20 Divide Tax Credit Act.

21 Section 1902-B. Definitions.

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

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

"Internet access." The providing of the storage, computer processing and transmission of information that enables a user to make use of the resources found by way of the Internet. The term does not include telephone service or telecommunications services to the extent that the amount paid for those services is determined by the Internal Revenue Service to be subject to tax under section 4251 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.).

"Low-income household." A household for which both of the following apply:

(1) The household has a gross income of less than 250% of the Federal poverty level.

(2) The household has at least one child enrolled in public school in grades kindergarten through 12, inclusive.

"Personal computer." A fully operational multimedia computer that, at a minimum, is equipped with all the following performance standards, software and other features or their equivalent:

(1) A 56k internal modem.

(2) A Pentium II, 500 MHz processor.

(3) Sixty-four megabytes of RAM.

(4) A 4 gigabyte hard drive.

(5) A 32 speed CD-ROM.

(6) A word processing program copyrighted 2000 or later.

(7) The same level of technical assistance provided to any other purchaser of the computer or Internet access during

1 the normal course of business.

2 Section 1903-B. Public policy.

3 The General Assembly finds and declares as follows:

4 (1) Information tools such as the personal computer and  
5 the Internet are increasingly critical to educational and  
6 economic successes and personal advancement.

7 (2) The National Technology Information Agency has found  
8 that there is a significant "digital divide" separating  
9 American information "haves" and "have-nots." For example,  
10 black and Hispanic households are approximately two-fifths as  
11 likely as white households to have home Internet access.

12 (3) The gaps with regard to Internet access between  
13 white and black or Hispanic households continue to widen.

14 (4) The Internet affords educational opportunities  
15 previously unavailable to many Pennsylvanians. According to  
16 the United States Department of Commerce, 45% of Americans  
17 earning between \$10,000 and \$14,999 who use the Internet at  
18 home use it for online courses.

19 (5) The General Assembly supports reduction of the  
20 digital divide and equity of access to information resources.

21 (6) It is the intent of the General Assembly that all  
22 Pennsylvania students be connected to the information  
23 infrastructure.

24 (7) It is the intent of the General Assembly to  
25 encourage Pennsylvania public schools and libraries to  
26 maximize the use of e-rate funds available from the United  
27 States Department of Commerce in order to further reduce the  
28 digital divide.

29 Section 1904-B. Tax credit.

30 (a) Any taxpayer who is an Internet service provider and who

1 provides to a low-income household, without charge, Internet  
2 access consisting of at least one year of unlimited use of that  
3 Internet access and a personal computer shall receive a tax  
4 credit as provided in section 1905-B if the Secretary of Revenue  
5 annually approves the taxpayer's request for receipt of the  
6 credit.

7 (b) The Secretary of Revenue is hereby authorized to  
8 promulgate rules and regulations for the approval or disapproval  
9 of such requests by taxpayers and provide a listing of all  
10 requests received and their disposition in each fiscal year to  
11 the General Assembly by October 1 of the following fiscal year.

12 (c) The total amount of tax credits granted to taxpayers  
13 under this article shall not exceed \$20,000,000 of tax credits  
14 in any fiscal year.

15 Section 1905-B. Grant of tax credit.

16 (a) The department shall grant a tax credit against any tax  
17 due under Article III, IV or VI.

18 (b) The amount of the tax credit in any taxable year shall  
19 be equal to \$200 multiplied by the number of low-income  
20 households that were provided at least one year of unlimited use  
21 of Internet access and a personal computer during the taxable  
22 year.

23 (c) The tax credit shall be allowed to the taxpayer only for  
24 the first taxable year that unlimited use of Internet access and  
25 the personal computer are provided without charge to a low-  
26 income household.

27 Section 1906-B. Recordkeeping.

28 The taxpayer shall maintain adequate records to substantiate  
29 the number of low-income households to which Internet access is  
30 provided that entitles the taxpayer to claim the credit allowed

1 pursuant to this article.

2 Section 1907-B. Carryover.

3 In the event that the tax credit authorized by this article  
4 exceeds the tax due in the following year, the excess may be  
5 carried over to reduce the tax in the following year and the  
6 succeeding nine years if necessary, until the credit is  
7 exhausted, whichever occurs first.

8 Section 2. This act shall take effect in 60 days.