

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2065 Session of 2011

INTRODUCED BY BARBIN, HORNAMAN, MURT, KAVULICH, BISHOP, BOYD, B. BOYLE, K. BOYLE, BRADFORD, BRENNAN, BRIGGS, BROWNLEE, BURNS, BUXTON, CALTAGIRONE, CARROLL, COHEN, CONKLIN, D. COSTA, P. COSTA, CREIGHTON, CRUZ, CURRY, DALEY, DAVIS, DAVIDSON, DEASY, DELISSIO, DeLUCA, DePASQUALE, DERMODY, DeWEESE, DONATUCCI, D. EVANS, FABRIZIO, FRANKEL, FREEMAN, GALLOWAY, GERBER, GEORGE, GERGELY, GIBBONS, GOODMAN, HALUSKA, HANNA, HARHAI, HARKINS, JOHNSON, JOSEPHS, W. KELLER, KIRKLAND, KORTZ, KOTIK, KULA, LONGIETTI, MAHONEY, MALONEY, MANN, MARKOSEK, MATZIE, McGEEHAN, MILLARD, MIRABITO, MUNDY, MURPHY, NEUMAN, M. O'BRIEN, PARKER, PASHINSKI, PAYTON, PETRARCA, PRESTON, RAVENSTAHL, READSHAW, REICHLEY, SABATINA, SAINATO, SAMUELSON, SANTARSIERO, SANTONI, SHAPIRO, SIMMONS, K. SMITH, M. SMITH, STABACK, STEPHENS, STERN, STURLA, SWANGER, WILLIAMS, YOUNGBLOOD, CUTLER, THOMAS, WATERS, WHEATLEY, WHITE, CAUSER, SACCONI, VULAKOVICH, MICCARELLI, MULLERY, O'NEILL, STEVENSON, HESS, V. BROWN AND FARRY, DECEMBER 7, 2011

REFERRED TO COMMITTEE ON FINANCE, DECEMBER 7, 2011

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 the Vets First Tax Credit Program
11 to honor veterans for their service to our country and
12 provide incentives for their employment.

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

Section 1. Article XVIII-C of the act of March 4, 1971
(P.L.6, No.2), known as the Tax Reform Code of 1971, added July
9, 2008 (P.L.922, No.66), is amended to read:

ARTICLE XVIII-C

[(RESERVED)]

THE VETS FIRST TAX CREDIT PROGRAM

Section 1801-C. 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 Community and Economic Development of the Commonwealth.

"Eligible job." A full-time job in this Commonwealth, the annual wage, excluding benefits, for which is at least equal to the average annual wage in the county where the job is located as posted on the Department of Labor and Industry's publicly accessible Internet website. The term does not include a temporary or seasonal job.

"Qualified tax liability." The liability for taxes imposed under Article III, IV, VI, VII, VIII, IX or XV. The term shall not include liability for any tax withheld or required to be withheld by a taxpayer from an employee under Article III.

"Small business." A for-profit corporation, limited liability company, partnership or proprietorship operating in this Commonwealth with fewer than 100 employees at the time the taxpayer applies for a Vets First tax credit under this article.

"Start date." The effective date of this section.

"Taxpayer." An individual or small business subject to a tax imposed under Article III, IV, VI, VII, VIII, IX or XV. The term shall not include a small business that does not file combined

income tax returns with the Department of Revenue with its in-
State or out-of-State subsidiaries and other affiliates.

"Veteran." An individual who meets all of the following:

(1) Served in the active United States military,
including service in a reserve component or National Guard.

(2) Was released or discharged from active military
service under conditions other than dishonorable, after
September 30, 2001.

(3) Has not worked in an eligible job for at least six
months prior to being hired by a taxpayer.

"Vets First tax credits." Tax credits for hiring veterans
authorized under this article.

"Year one." A one-year period immediately following the
start date.

"Year two." A one-year period immediately following the end
of year one.

"Year three." A one-year period immediately following the
end of year two.

"Year four." A one-year period immediately following the end
of year three.

Section 1802-C. Vets First tax credits.

(a) Criteria.--A taxpayer that employs a veteran in an
eligible job shall be entitled to a Vets First tax credit
against the taxpayer's qualified tax liability as provided in
this article. In order to be eligible for a tax credit, the
taxpayer shall certify and agree to the following:

(1) The veteran was hired for a new position in the
taxpayer's small business or was hired to fill the position
of another employee who voluntarily separated from employment
with the taxpayer.

1 (2) The taxpayer shall continue the operation of its
2 small business for at least five years following the taxable
3 year for which the taxpayer first claims a Vets First tax
4 credit awarded under this article.

5 (b) Amount.--The tax credit shall be equal to \$4,000 for
6 each veteran hired from and after the start date and shall be
7 available annually through the end of year three so long as the
8 veteran has been continuously employed in the eligible job from
9 the date hired until the end of year three. The tax credit shall
10 be available through the end of year four for each veteran who
11 has been continuously employed in the eligible job from the date
12 hired until the end of year four who resides in this
13 Commonwealth and has resided in this Commonwealth since the date
14 the veteran was released or discharged from active military
15 service under conditions other than dishonorable.

16 (c) Eligibility for other tax credits.--A taxpayer that
17 claims tax credits under any other Federal or State law shall be
18 eligible for a Vets First tax credit so long as the taxpayer
19 also meets the applicable requirements of this article.

20 Section 1803-C. Application and award.

21 (a) Annual application required.--A taxpayer wishing to
22 claim a Vets First tax credit shall apply to the department on a
23 form required by the department. An application shall be
24 submitted for each tax year that the taxpayer desires to claim
25 the tax credit and shall contain such information as the
26 department deems necessary for the department to determine that
27 the taxpayer is entitled to the tax credit or credits for which
28 the taxpayer is applying. The department shall review and
29 approve or disapprove applications in the order in which they
30 are received.

1 (b) Award.--Upon determining that the taxpayer is entitled
2 to one or more Vets First tax credits, the department shall
3 award the credits and issue a Vets First tax credit certificate
4 to the taxpayer.

5 Section 1804-C. Limitations.

6 (a) Use by taxpayer.--A taxpayer may not carry over, carry
7 back, assign or obtain a refund of any portion of a Vets First
8 tax credit.

9 (b) Aggregate amount of awards.--No more than \$50,000,000 in
10 Vets First tax credits shall be awarded in any fiscal year.

11 (c) Length of program.--A taxpayer is not entitled to a Vets
12 First tax credit in taxable years ending December 31 of the year
13 in which the end of year four occurs and beyond.

14 Section 1805-C. Repayment and penalty.

15 (a) Repayment.--A taxpayer who has claimed one or more Vets
16 First tax credits and fails to meet any of the criteria required
17 under section 1802-C, or a taxpayer who has received a Vets
18 First tax credit in error shall repay to the Commonwealth the
19 amount of all tax credits claimed.

20 (b) Penalty.--If it is determined that the failure or error
21 referred to in subsection (a) occurred as a result of fraud
22 perpetrated by the taxpayer, the taxpayer, in addition to being
23 required to repay the amount of all tax credits claimed, shall
24 be subject to such other appropriate penalties and remedies as
25 may be provided in this act or in other applicable law.

26 Section 1806-C. Report.

27 The department shall submit an annual report to the Governor,
28 the Majority Leader of the Senate, the Minority Leader of the
29 Senate, the Majority Leader of the House of Representatives and
30 the Minority Leader of the House of Representatives on March 1

1 of each year following the effective date of this section. The
2 report shall include the following information:

3 (1) A description of the Vets First tax credit
4 certificates issued by the department during the preceding
5 period, including the amount of the credits awarded to each
6 taxpayer and the taxpayer's name and address.

7 (2) The number of veterans who were hired by each
8 taxpayer to whom a Vets First tax credit certificate has been
9 issued and who are residents of the Commonwealth.

10 Section 1807-C. Notice to public.

11 The department shall, not later than 60 days following the
12 effective date of this section, publish notice of the following
13 on its publicly accessible Internet website:

14 (1) Availability of the Vets First tax credits.

15 (2) Guidelines for the awarding of Vets First tax
16 credits.

17 (3) A downloadable copy of the application form.

18 Section 2. This act shall take effect in 30 days.