
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2000 Session of
2024

INTRODUCED BY R. MACKENZIE, EMRICK, KAZEEM, M. MACKENZIE AND
MARCELL, JANUARY 31, 2024

REFERRED TO COMMITTEE ON FINANCE, JANUARY 31, 2024

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," in tax credit and tax benefit administration,
11 further providing for definitions; providing for paid family
12 and medical leave tax credit; and establishing the Family and
13 Medical Leave Tax Credit Program.

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

16 Section 1. The definition of "tax credit" in section 1701-
17 A.1 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
18 Reform Code of 1971, is amended by adding a paragraph to read:

19 Section 1701-A.1. Definitions.

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

23 * * *

1 "Tax credit." A tax credit authorized under any of the
2 following:

3 * * *

4 (8.2) Article XVII-M.

5 * * *

6 Section 2. The act is amended by adding an article to read:

7 ARTICLE XVII-M

8 PAID FAMILY AND MEDICAL LEAVE TAX CREDIT

9 Section 1701-M. Scope of article.

10 This article relates to paid family and medical leave tax
11 credits.

12 Section 1702-M. Definitions.

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

16 "Business firm." An entity authorized to do business in this
17 Commonwealth and subject to taxes imposed under Article III, IV,
18 VI, VII, VIII, IX or XV.

19 "Department." The Department of Community and Economic
20 Development of the Commonwealth.

21 "Federal family and medical leave tax credit." The tax
22 credit authorized under 26 U.S.C. § 45S (relating to employer
23 credit for paid family and medical leave).

24 Section 1703-M. Family and Medical Leave Tax Credit Program.

25 (a) Establishment.--The Family and Medical Leave Tax Credit
26 Program is established to supplement, not supplant, existing
27 Federal tax incentives for providing paid family and medical
28 leave to employees.

29 (b) Information.--To qualify for a tax credit under this
30 article, a business firm must submit information to the

1 department that enables the department to confirm the amount of
2 the Federal family and medical leave tax credit that the
3 business firm has received for providing paid family and medical
4 leave to employees in this Commonwealth.

5 (c) Application.--The following apply to an application for
6 a tax credit under this article that is submitted to the
7 department by a business firm:

8 (1) The application must account for the wages paid to
9 employees for which the business firm claimed the Federal
10 family and medical leave tax credit.

11 (2) The application must be on a form provided by the
12 department.

13 (3) The department shall consult with the United States
14 Internal Revenue Service as necessary to determine that the
15 business firm provides paid family and medical leave for
16 employees.

17 (4) The department shall review and approve or
18 disapprove the application.

19 (d) Notification.--The department shall notify the business
20 firm that the business firm meets the requirements under this
21 article for that fiscal year no later than 60 days after the
22 business firm has submitted the application required under this
23 section.

24 Section 1704-M. Availability of tax credits.

25 (a) Application and receipt.--A business firm may:

26 (1) Apply to the department for a tax credit in
27 accordance with section 1705-M.

28 (2) Receive a tax credit under this article equal to the
29 amount of the Federal family and medical leave tax credit
30 received for the most recently completed tax year.

1 (b) Limitations.--Tax credits under this section shall be
2 made available by the department on a first-come, first-served
3 basis within the limitation established under section 1706-M(a).
4 Section 1705-M. Grant of tax credits.

5 (a) Tax credit certificate.--In accordance with section
6 1706-M(a), the department shall grant a tax credit certificate.
7 The following apply:

8 (1) The certificate may be used against a tax liability
9 owed to the Commonwealth by a business firm that provides
10 proof of receipt of the Federal family and medical leave tax
11 credit in the taxable year in which the paid family and
12 medical leave was granted to an employee in this
13 Commonwealth.

14 (2) The business firm may apply the credit against any
15 tax due under Article III, IV, VI, VII, VIII, IX or XV,
16 excluding any tax withheld by an employer under Article III.

17 (b) Limitation.--The tax credit shall not exceed 100% of the
18 total amount of the Federal family and medical leave tax credit
19 received by a business firm for granting paid family and medical
20 leave to an employee in this Commonwealth for the taxable year
21 in which the paid family and medical leave was granted.

22 Section 1706-M. Amount of tax credits.

23 (a) Aggregate amount.--The total aggregate amount of all tax
24 credits approved under this article shall not exceed
25 \$100,000,000 in a fiscal year.

26 (b) Tax liability.--A tax credit granted for any one taxable
27 year may not exceed the tax liability of a business firm.

28 (c) Use.--A tax credit not used in the taxable year the paid
29 family and medical leave was granted to an employee in this
30 Commonwealth may not be carried forward or carried back and is

1 not refundable or transferable.

2 Section 1707-M. Guidelines.

3 The department, in conjunction with the Department of
4 Revenue, may establish guidelines as necessary to implement this
5 article.

6 Section 1708-M. Reporting.

7 (a) Tax credit.--The tax credit authorized under this
8 article shall be considered a "tax credit" for the purposes of
9 Article XVII-A.1.

10 (b) Additional information in reports.--In addition to the
11 information required by section 1707-A.1, each report on the tax
12 credit authorized under this article shall include:

13 (1) The number of tax credit applications denied solely
14 as the result of the limitation under section 1706-M(a).

15 (2) The aggregate amount of tax credits not granted
16 solely as the result of the limitation in section 1706-M(a).

17 (3) The average amount of each tax credit not granted
18 for the applications denied solely as the result of the
19 limitation in section 1706-M(a).

20 Section 3. This act shall take effect in 60 days.