



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1249

PRINTER'S NO. 1348

PRIME SPONSOR: Munroe

COST / (SAVINGS)

FUND	FY 2022/23	FY 2023/24
General Fund	\$0	\$64,600,000

SUMMARY:

House Bill 1249, Printer's Number 1348 establishes the Pennsylvania Recruitment and Retention Tax Credit for new teachers, nurses, and police officers.

ANALYSIS:

This bill amends the Tax Reform Code of 1971 to establish the Pennsylvania Individual Recruitment and Retention Tax Credit. Pennsylvania residents that earn one of the specified licenses/certifications in the bill to become a certified professional in education, nursing, or public policing after December 31, 2022, and prior to January 1, 2026, would be eligible to claim a refundable tax credit of up to \$2,500 against their personal income tax liability beginning in tax year 2023. Out-of-state individuals who already have one of the certifications in the legislation prior to January 1, 2023, and become an employed resident in Pennsylvania in the field that they are certified in would also be eligible for the tax credit.

Individuals would be able to claim the credit in the first year in which they qualify for the credit and the next two succeeding tax years so long as they remain employed in the field in which they are certified.

A taxpayer would be required to provide the Department of Revenue with proof that the taxpayer meets the requirements to qualify for the tax credit. The department would need to publish guidelines for the tax credit and may promulgate regulations necessary for the implementation and administration of the tax credit.

The legislation would take effect 60 days upon enactment, and the credit would expire on December 31, 2028.

FISCAL IMPACT:

The bill would reduce General Fund revenues due to the reduction in personal income tax liability for Pennsylvania taxpayers who would become eligible for the Pennsylvania Individual Recruitment and Retention Tax Credit.

Based on annual certification data provided by the Department of State, the Pennsylvania Department of Education and the Department of Health, this legislation is projected to cost about \$64.6 million in 2023/24. The cost of this tax credit would subsequently increase in 2024/25 and 2025/26 due to more individuals becoming eligible for the credit within the timeframe specified in the legislation. The cost in 2026/27 and 2027/28 would then begin to decline as individuals claim their maximum three years and drop out of the tax credit program.

Fiscal Estimates for HB 1249: 2023/24 - 2027/28					
(\$ in millions)					
	<i>2023/24</i>	<i>2024/25</i>	<i>2025/26</i>	<i>2026/27</i>	<i>2027/28</i>
Estimated Total Fiscal Impact	-\$64.6	-\$129.1	-\$193.7	-\$129.1	-\$64.6

PREPARED BY: Brittany Van Strien
House Appropriations Committee (D)

DATE: June 20, 2023

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.