

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 1161

PRINTER NO. 1816

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

March 18, 2016

PRIME SPONSOR

Senator Resenthaler

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 1161 amends Article XVII-F (relating to educational tax credits) of the Tax Reform Code of 1971 with regard to the issuance of Educational Improvement Tax Credits (EITC) and Opportunity Scholarship Tax Credits (OSTC).

The legislation adds a new subsection (g.1) in section 1705-F (relating to tax credits) with regard to the approval of tax credits, which sets deadlines for the issuance of award letters. Senate Bill 1161 provides for the following timelines:

1. For fiscal year 2015-16, no later than 10 days after the effective date of the legislation, the Department of Community and Economic Development ("DCED") shall provide written notice of its approval to each business firm that submitted a completed application under subsection (g) (relating to time of application for credits).
2. For fiscal years 2016-17 and thereafter, DCED shall provide written notice upon approval to each business firm that submitted a completed application under section (g) by August 15, or 30 days following the receipt of the completed application, whichever is later.
3. For fiscal years 2015-16 and thereafter, DCED shall give written notice of its approval to each business firm that submitted a completed application under subsection (j)(2) (relating to reallocation of unawarded tax credits) within 30 days following receipt of the completed application.

Senate Bill 1161 amends section 1706-F (relating to limitations) to provide further guidance for tax credits awarded in fiscal year 2015-16 so that a business firm making an approved contribution may use the tax credit in the taxable year in which the completed application was submitted by the business firm or the taxable year in which the contribution was made by the business firm. For fiscal year 2015-16, DCED did not issue tax credit award letters until the last week of December. As a result, many business firms that applied to make contributions under the program did not have enough time to make the contribution during their calendar year 2015 taxable year. This new provision will provide flexibility to business firms so that they can claim an approved tax credit for either their 2015 or 2016 taxable year.

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The act shall take effect immediately.

FISCAL IMPACT:

Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds.

Senate Bill 1161 affects only the issuance and timing of educational tax credit award letters to avoid problems in instances where there is a budget impasse. The legislation has no effect on funding for the program.