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House of Representatives
Commonwealth of Pennsylvania
Harrisburg

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MEMORANDUM

TO: All House Members

FROM: Rep. Doug Reichley

**SUBJECT: Co-Sponsor Memo: Information Technology Services Tax Credit
(Prior HB 851)**

DATE: February 1, 2011

As you all know, one the main tasks the General Assembly has been charged with this legislative session is enacting measures that promotes economic and job market growth. In order to complete this task, legislation must be introduced which provides incentives to industries that are making use of the latest advances in technological advances while also keeping a watchful eye to the future. Specifically, I believe the information technology services industry meets this definition.

The industry associated with information technology services is responsible for a variety of tasks such as designing and installing new software, trouble shooting and establishing web-based networks and protection safeguards. However, as labor costs and other commodities rise across the country, many companies have resorted to outsourcing their operations.

With this in mind, I will be re-introducing legislation in the near future which will impact the information technology service industry in Pennsylvania. If enacted, my legislation will amend the Tax Reform Code to provide for a tax credit for applicable information technology service companies. An eligible company would be defined as an information technology service entity that incurs costs as a result of relocating or establishing a presence in Pennsylvania. The tax credit these companies would be eligible to receive would equal to 30% of the total qualified costs incurred. Approved applicants who cannot use the entire amount of the credit may carry over the unused portion for up to 15 years. Additionally, my legislation also provides for further tax credits relating to new jobs being established by applicable information technology service companies.

Please join me in my efforts to stimulate Pennsylvania's economy while also growing its job market. If you wish to co-sponsor this important piece of legislation, please contact my Harrisburg assistant Kendra Wiederhold at 787-1000 or kwiederh@pahousegop.com.