

## 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:

15 Section 1. Article XVIII-C of the act of March 4, 1971  
16 (P.L.6, No.2), known as the Tax Reform Code of 1971, added July  
17 9, 2008 (P.L.922, No.66), is amended to read:

## ARTICLE XVIII-C

[(RESERVED)]

THE VETS FIRST TAX CREDIT PROGRAM

21 Section 1801-C. Definitions.

22 The following words and phrases when used in this article  
23 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Department." The Department of Community and Economic  
3 Development of the Commonwealth.

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

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

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

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

19 "Taxpayer." An individual or small business subject to a tax  
20 imposed under Article III, IV, VI, VII, VIII, IX or XV. The term  
21 shall not include an individual or small business that is  
22 delinquent, at the time the credit is awarded, in the payment of  
23 any taxes or any other amounts to the Federal Government, the  
24 Commonwealth or any political subdivision.

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

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

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

1           (3) Has not worked for at least six months prior to  
2           being hired by a taxpayer in an eligible job or in a job in  
3           another state that is substantially similar to an eligible  
4           job.

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

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

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

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

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

15           Section 1802-C. Vets First tax credits.

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

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

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

29           (b) Amount.--

30                   (1) The tax credit shall be equal to \$4,000 for each

1 veteran hired from and after the start date and shall be  
2 available annually through the end of year three so long as  
3 the veteran has been continuously employed in the eligible  
4 job from the date hired until the end of year three. The tax  
5 credit shall be available through the end of year four for  
6 each veteran who has been continuously employed in the  
7 eligible job from the date hired until the end of year four  
8 who resides in this Commonwealth and has resided in this  
9 Commonwealth since the date the veteran was released or  
10 discharged from active military service under conditions  
11 other than dishonorable.

12 (2) The provisions of this subsection shall be subject  
13 to the limitations in section 1804-C.

14 (c) Eligibility for other tax credits.--A taxpayer that  
15 claims tax credits under any other Federal or State law shall be  
16 eligible for a Vets First tax credit so long as the taxpayer  
17 also meets the applicable requirements of this article.  
18 Section 1803-C. Application and award.

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

29 (b) Award.--Upon determining that the taxpayer qualifies for  
30 one or more Vets First tax credits, the department shall award

1 the credits and issue a Vets First tax credit certificate to the  
2 taxpayer.

3 Section 1804-C. Limitations.

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

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

9 (c) Length of program.--A taxpayer shall not be eligible to  
10 apply for Vets First tax credits after the fourth taxable year  
11 following the effective date of this section.

12 Section 1805-C. Repayment and penalty.

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

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

24 Section 1806-C. Report.

25 The department shall submit an annual report to the Governor,  
26 the Majority Leader of the Senate, the Minority Leader of the  
27 Senate, the Majority Leader of the House of Representatives and  
28 the Minority Leader of the House of Representatives on March 1  
29 of each year following the effective date of this section. The  
30 report shall include the following information:

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

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

8 Section 1807-C. Notice to public.

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

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

13           (2) Guidelines for the awarding of Vets First tax  
14          credits.

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

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