

AN ACT

1 Amending Title 12 (Commerce and Trade) of the Pennsylvania
2 Consolidated Statutes, providing for the Returning Heroes
3 Supplemental Tax Credit Program.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Title 12 of the Pennsylvania Consolidated
7 Statutes is amended by adding a chapter to read:

8 CHAPTER 44

9 RETURNING HEROES SUPPLEMENTAL TAX CREDIT PROGRAM

10 Sec.

11 4401. Scope of chapter.

12 4402. Definitions.

13 4403. Establishment.

14 4404. Application.

15 4405. Carryover, carryback, refund and assignment.

16 4406. Limitation on credits.

17 4407. Shareholder, owner or member of pass-through entity.

18 4408. Reports.

1 4409. Regulations.

2 4410. Applicability.

3 § 4401. Scope of chapter.

4 This chapter relates to the Returning Heroes Supplemental Tax
5 Credit Program.

6 § 4402. Definitions.

7 The following words and phrases when used in this chapter
8 shall have the meanings given to them in this section unless the
9 context clearly indicates otherwise:

10 "Department." The Department of Revenue of the Commonwealth.

11 "Federal Returning Heroes Tax Credit." A tax credit
12 established under Section 261 of the VOW to Hire Heroes Act of
13 2011 (Public Law 112-56, 125 Stat. 711).

14 "Pass-through entity." A partnership as defined in section
15 301(n.0) of the act of March 4, 1971 (P.L.6, No.2), known as the
16 Tax Reform Code of 1971, or a Pennsylvania S corporation as
17 defined in section 301(n.1) of the Tax Reform Code of 1971.

18 "Qualified tax liability." The liability for taxes imposed
19 under Article III, IV or VI of the act of March 4, 1971 (P.L.6,
20 No.2), known as the Tax Reform Code of 1971. The term shall not
21 include any tax withheld by an employer from an employee under
22 Article III of the Tax Reform Code of 1971.

23 "Secretary." The Secretary of Revenue of the Commonwealth.

24 "Supplemental tax credit." The Returning Heroes Supplemental
25 Tax Credit established under this chapter.

26 "Tax Reform Code." The act of March 4, 1971 (P.L.6, No.2),
27 known as the Tax Reform Code of 1971.

28 "Taxpayer." An entity subject to tax under Article III, IV
29 or VI of the act of March 4, 1971 (P.L.6, No.2), known as the
30 Tax Reform Code of 1971. The term shall include the shareholder

1 of a Pennsylvania S corporation that receives a Returning Heroes
2 Supplemental Tax Credit.

3 § 4403. Establishment.

4 There is established a tax credit program to be known as the
5 Returning Heroes Supplemental Tax Credit Program. The program
6 shall provide supplemental tax credits to taxpayers who receive
7 a Federal Returning Heroes Tax Credit and meet the program
8 requirements.

9 § 4404. Application.

10 (a) General rule.--By September 15, 2014, a taxpayer must
11 submit an application and proof to the department of all Federal
12 Returning Heroes Tax Credits that were awarded to the taxpayer
13 during tax years 2012 and 2013. By September 15 of each
14 subsequent year, a taxpayer must submit an application and proof
15 to the department of all Federal Returning Heroes Tax Credits
16 that were awarded to the taxpayer in the prior taxable year.

17 (b) Amount.--A taxpayer who receives a Federal Returning
18 Heroes Tax Credit shall be eligible to receive from the
19 department a supplemental tax credit of \$2,000.

20 (c) Notification.--By December 15 of the calendar year
21 following the close of the taxable year during which a Federal
22 Returning Heroes Tax Credit was awarded to the taxpayer, the
23 department shall notify the taxpayer if its supplemental tax
24 credit application was approved or denied. If the application is
25 denied, the department shall state the reasons for the denial,
26 including a description of deficiencies in the application.

27 § 4405. Carryover, carryback, refund and assignment.

28 (a) Carryover.--If the taxpayer cannot use the entire amount
29 of the supplemental tax credit for the taxable year in which the
30 supplemental tax credit is first approved, then the excess may

1 be carried over to the succeeding taxable years and used as a
2 credit against the qualified tax liability of the taxpayer for
3 those taxable years. Each time that the supplemental tax credit
4 is carried over to a succeeding taxable year, it is to be
5 reduced by the amount that was used as a credit during the
6 immediately preceding taxable year. The supplemental tax credit
7 may be carried over and applied to succeeding taxable years for
8 no more than 15 taxable years following the first taxable year
9 for which the taxpayer was entitled to claim the credit.

10 (b) Application.--A supplemental tax credit approved by the
11 department shall be applied against the taxpayer's qualified tax
12 liability for the current taxable year as of the date on which
13 the credit was approved before the tax credit is applied against
14 any tax liability under subsection (a).

15 (c) Unused credit.--A taxpayer is not entitled to assign,
16 carry back or obtain a refund of an unused supplemental tax
17 credit.

18 § 4406. Limitation on credits.

19 (a) Total amount.--The total amount of supplemental tax
20 credits approved by the department shall not exceed \$20,000,000
21 in any fiscal year.

22 (b) Allocation.--Tax credits shall be allocated by the
23 department on a first-come, first-served basis.

24 § 4407. Shareholder, owner or member of pass-through entity.

25 (a) Shareholder.--If a Pennsylvania S corporation does not
26 have an eligible tax liability against which the supplemental
27 tax credit may be applied, a shareholder of the Pennsylvania S
28 corporation is entitled to a supplemental tax credit equal to
29 the tax credit determined for the Pennsylvania S corporation for
30 the taxable year multiplied by the percentage of the

1 Pennsylvania S corporation's distributive income to which the
2 shareholder is entitled.

3 (b) Pass-through entity.--If a pass-through entity other
4 than a Pennsylvania S corporation does not have an eligible tax
5 liability against which the supplemental tax credit may be
6 applied, an owner or member of the pass-through entity is
7 entitled to a supplemental tax credit equal to the tax credit
8 determined for the pass-through entity for the taxable year
9 multiplied by the percentage of the pass-through entity's
10 distributive income to which the owner or member is entitled.

11 (c) Additional credit.--The supplemental tax credit provided
12 under subsection (a) or (b) shall be in addition to any other
13 tax credit to which a shareholder, owner or member of a pass-
14 through entity is entitled under this chapter, except that a
15 pass-through entity and a shareholder, owner or member of a
16 pass-through entity may not claim a supplemental tax credit
17 under this chapter for the same expense.

18 § 4408. Reports.

19 The secretary shall submit an annual report to the General
20 Assembly indicating the use and effectiveness of the
21 supplemental tax credits no later than March 15 following the
22 year in which the credits were approved. The report shall
23 include the names of all businesses utilizing the supplemental
24 tax credits as of the date of the report and the amount of
25 credits approved and utilized by each taxpayer. Notwithstanding
26 any law providing for the confidentiality of tax records, the
27 information contained in the report shall be public information.
28 The report may also include any recommendations for changes in
29 the calculation or administration of the credit.

30 § 4409. Regulations.

1 The secretary shall promulgate regulations necessary for the
2 implementation and administration of this chapter.

3 § 4410. Applicability.

4 This chapter shall apply to taxpayers receiving Federal
5 Returning Heroes Tax Credits during tax years beginning after
6 December 31, 2012.

7 Section 2. This act shall take effect immediately.