

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," in community-based services tax credit, further
11 providing for definitions and for amount of tax credits.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 Section 1. Sections 1702-I and 1706-I of the act of March 4,
15 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, added
16 July 2, 2012 (P.L.751, No.85), are amended to read:

17 Section 1702-I. Definitions.

18 The following words and phrases when used in this article
19 shall have the meanings given to them in this section unless the
20 context clearly indicates otherwise:

21 "Business firm." An entity, including a pass-through entity,
22 authorized to do business in this Commonwealth and subject to

1 taxes imposed under Article III, IV, VI, VII, VIII, IX or XV.

2 "Contribution." A donation of cash, personal property or
3 services, the value of which is the net cost of the donation to
4 the donor or the pro rata hourly wage, including benefits, of
5 the individual performing the service.

6 "Department." The Department of Community and Economic
7 Development of the Commonwealth.

8 "Individual." An individual who is eligible for community-
9 based services funded through the Office of Developmental
10 Programs and the Office of Mental Health and Substance Abuse
11 Services of the Department of Public Welfare.

12 "Provider." A nonprofit entity that meets all of the
13 following:

14 (1) Provides community-based services to individuals
15 with intellectual disabilities or mental illness.

16 (2) Is exempt from Federal taxation under section 501(c)

17 (3) of the Internal Revenue Code of 1986 (Public Law 99-514,
18 26 U.S.C. § 1 et seq.).

19 Section 1706-I. Amount of tax credits.

20 (a) General rule.--The total aggregate amount of all tax
21 credits approved shall not exceed \$3,000,000 in a fiscal year.

22 (b) Activities.--No tax credit shall be approved for
23 activities that are part of a business firm's normal course of
24 business.

25 (c) Tax liability.--A tax credit granted for any one taxable
26 year may not exceed the tax liability of a business firm.

27 (d) Use.--A tax credit not used in the taxable year the
28 contribution was made may not be carried forward or carried back
29 and is not refundable or transferable.

30 (e) Pass-through entity.--

1 (1) If a pass-through entity has any unused tax credit
2 under section 1705-I, it may elect in writing, according to
3 procedures established by the Department of Revenue, to
4 transfer all or a portion of the credit to a shareholder,
5 member or partner in proportion to the share of the entity's
6 distributive income to which the shareholder, member or
7 partner is entitled.

8 (2) A pass-through entity and a shareholder, member or
9 partner of a pass-through entity may not claim the credit
10 under paragraph (1) for the same contribution.

11 (3) A shareholder, member or partner of a pass-through
12 entity to whom a credit is transferred under paragraph (1)
13 shall immediately claim the credit in the taxable year in
14 which the transfer is made. The shareholder, member or
15 partner may not carry forward, carry back, obtain a refund of
16 or sell or assign the credit.

17 Section 2. This act shall take effect immediately.