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No. _____

Legislative Reference Bureau

AN ACT

Amending the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, providing for phoenix employee and returnship tax credits; and imposing penalties.

INTRODUCED _____ **20** _____

By _____ **District NO.** _____

By _____ **District NO.** _____

By _____ **District NO.** _____

By _____ **District NO.** _____

See next page for additional co-sponsors.

Prior Session _____

Referred to Committee on	
Date _____	20 _____
Reported _____	20 _____
As Committed-Amended	
Recommendation	

By Hon. _____	



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 phoenix employee and returnship tax
11 credits; and imposing penalties.

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

14 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as
15 the Tax Reform Code of 1971, is amended by adding an article to
16 read:

17 ARTICLE XVII-M

18 PHOENIX EMPLOYEE AND RETURNSHIP TAX CREDITS

19 Section 1701-M. Definitions.

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

1 "Company." A corporation, partnership, limited liability
2 company, limited liability partnership, business trust,
3 affiliate, unincorporated joint venture or other business entity
4 doing business in this Commonwealth.

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

6 "Educational program." A program offered by a secondary
7 school or institution of higher education. The term does not
8 include trainings or classes taken to maintain an occupational
9 licensure or certification.

10 "Occupation of high demand." An occupation that has a
11 shortage of qualified individuals to fill working positions as
12 determined by the department in consultation with the Department
13 of Labor and Industry.

14 "Phoenix employee." An employee or prospective employee who
15 has not been enrolled in an educational program within the last
16 three years and meets one of the following:

- 17 (1) has been out of the workforce for two years; or
18 (2) has been hired into a position that would increase
19 the employee's earnings by at least 50% over the employee's
20 previous company.

21 "Phoenix employee tax credit." A phoenix employee tax credit
22 issued under section 1703-M.

23 "Returnship." A paid internship that reintroduces a phoenix
24 employee into the workforce or an industry, with the intent of
25 the company to hire the phoenix employee into a permanent,
26 substantially similar position.

27 "Returnship tax credit." A tax credit issued under section
28 1704-M.

29 Section 1702-M. Eligibility.

30 To be eligible to receive a phoenix employee tax credit or

1 returnship tax credit under this article for occupations of high
2 demand under this article, a company must demonstrate to the
3 department:

4 (1) The ability to hire or create jobs for phoenix
5 employees.

6 (2) The ability to provide applicable training and
7 resources for phoenix employees who are reentering the
8 workforce.

9 (3) A signed statement stating the intent to retain a
10 phoenix employee for at least three years.

11 (4) A signed statement stating the intent to maintain
12 operations in this Commonwealth for a period of five years
13 from the date the company submits a phoenix employee tax
14 credit or returnship tax credit certificate to the
15 department.

16 Section 1703-M. Phoenix employee tax credit.

17 (a) Maximum amount.--A company may claim a phoenix employee
18 tax credit equal to two times the percentage of the State
19 personal income tax, prior to deductions, imposed on a phoenix
20 employee within the company.

21 (b) Evidence of phoenix employee.--The company shall submit
22 the following evidence that the employee meets qualifications of
23 a phoenix employee:

24 (1) Evidence of a phoenix employee's salary from
25 previous employment, if applicable.

26 (2) Evidence of a phoenix employee's previous enrollment
27 in an educational program, including photographic or written
28 evidence of a degree or diploma, photographic or written
29 evidence of enrollment in an educational program or other
30 form of evidence deemed acceptable by the department.

1 (3) Evidence that a job was created to hire a phoenix
2 employee, if applicable.

3 (c) Applicable taxes.--A company may apply the phoenix
4 employee tax credit to 100% of the company's State corporate net
5 income tax, capital stock and franchise tax or the capital stock
6 and franchise tax of a shareholder of the company if the company
7 is a Pennsylvania S corporation, gross premiums tax, gross
8 receipts tax, bank and trust company shares tax, mutual thrift
9 institution tax, title insurance company shares tax, personal
10 income tax or the personal income tax of shareholders of a
11 Pennsylvania S corporation or any combination thereof.

12 (d) Phoenix employee tax credit term.--A company may claim a
13 phoenix employee tax credit for each new phoenix employee hired
14 or job created for three consecutive years after the phoenix
15 employee's date of hire, provided the phoenix employee is still
16 employed by the company.

17 (e) Limitation.--A company may not receive more than
18 \$150,000 in the first fiscal year, \$300,000 in the second fiscal
19 year and \$450,000 in subsequent fiscal years in phoenix employee
20 tax credits. This amount shall be adjusted to reflect any upward
21 changes in the Consumer Price Index for All Urban Consumers
22 (CPI-U) for the Pennsylvania, New Jersey, Delaware and Maryland
23 area.

24 (f) Availability of phoenix employee tax credit.--

25 (1) During the first fiscal year of the phoenix employee
26 tax credit program, \$15,000,000 in phoenix employee tax
27 credits shall be made available to the department and may be
28 awarded by the department under this section.

29 (2) In the second fiscal year of the phoenix employee
30 tax credit program, a minimum of \$30,000,000 in phoenix

1 employee tax credits shall be made available to the
2 department and may be awarded by the department under this
3 section. This amount shall be adjusted to reflect any upward
4 changes in the Consumer Price Index for All Urban Consumers
5 (CPI-U) for the Pennsylvania, New Jersey, Delaware and
6 Maryland area.

7 (3) In the third and subsequent fiscal years of the
8 phoenix employee tax credit program, a minimum of \$45,000,000
9 in phoenix employee tax credits shall be made available to
10 the department and may be awarded by the department under
11 this section. This amount shall be adjusted to reflect any
12 upward changes in the Consumer Price Index for All Urban
13 Consumers (CPI-U) for the Pennsylvania, New Jersey, Delaware
14 and Maryland area.

15 Section 1704-M. Returnship tax credit.

16 (a) Duty of department.--The department shall establish
17 standards for returnships that qualify for a returnship tax
18 credit under this section.

19 (b) Maximum amount of returnship tax credit.--A company may
20 claim a returnship tax credit of \$1,000 for each returnship
21 completed by an employee in a tax year. This amount shall be
22 adjusted to reflect any upward changes in the Consumer Price
23 Index for All Urban Consumers (CPI-U) for the Pennsylvania, New
24 Jersey, Delaware and Maryland area.

25 (c) Limitation.--A company may not receive more than
26 \$100,000 in returnship tax credits in a year. This amount shall
27 be adjusted to reflect any upward changes in the Consumer Price
28 Index for All Urban Consumers (CPI-U) for the Pennsylvania, New
29 Jersey, Delaware and Maryland area.

30 (d) Evidence of returnship.--To receive a tax credit under

1 this section, a company must submit the following evidence of a
2 returnship an employee completes to the department:

3 (1) Salary of the returnship.

4 (2) Certification of completion of the returnship.

5 (3) Details of a job offer the employee was offered
6 after the completion of the returnship.

7 (4) Other evidence the department requires.

8 (e) Applicable taxes.--A company may apply the returnship
9 tax credit to 100% of the company's State corporate net income
10 tax, capital stock and franchise tax or the capital stock and
11 franchise tax of a shareholder of the company if the company is
12 a Pennsylvania S corporation, gross premiums tax, gross receipts
13 tax, bank and trust company shares tax, mutual thrift
14 institution tax, title insurance company shares tax, personal
15 income tax or the personal income tax of shareholders of a
16 Pennsylvania S corporation or any combination thereof.

17 (f) Availability of returnship tax credit.--Each fiscal
18 year, \$10,000,000 in returnship tax credits shall be made
19 available to the department and may be awarded by the department
20 under this section. In each subsequent year, this amount shall
21 be adjusted to reflect any upward changes in the Consumer Price
22 Index for All Urban Consumers (CPI-U) for the Pennsylvania, New
23 Jersey, Delaware and Maryland area.

24 Section 1705-M. Phoenix employee tax credit for occupations of
25 high demand.

26 (a) Occupations of high demand list.--The department shall
27 consult with the Department of Labor and Industry and publish on
28 the department's publicly accessible Internet website a list of
29 occupations of high demand by January 1 of each year.

30 (b) Credit amount.--The amount of a phoenix employee tax

1 credit for occupations of high demand shall be \$1,000 per year
2 and contingent upon the phoenix employee's continued employment
3 in the occupation of high demand and employment with the company
4 that is receiving a phoenix employee tax credit for occupations
5 of high demand under this section. This amount shall be adjusted
6 to reflect any upward changes in the Consumer Price Index for
7 All Urban Consumers (CPI-U) for the Pennsylvania, New Jersey,
8 Delaware and Maryland area.

9 (c) Phoenix employee tax credit.--A phoenix employee may
10 apply the phoenix employee tax credit for occupations of high
11 demand to the phoenix employee's personal income taxes.

12 (d) Length of phoenix employee tax credit.--A phoenix
13 employee may be eligible for the phoenix employee tax credit for
14 occupations of high demand for a period of three consecutive
15 years after the phoenix employee's date of hire.

16 (e) Availability of phoenix employee tax credit for
17 occupations of high demand.--

18 (1) During the first fiscal year of the phoenix employee
19 tax credit for occupations of high demand program,
20 \$10,000,000 in phoenix employee tax credits for occupations
21 of high demand shall be made available to the department and
22 may be awarded by the department under this section.

23 (2) In the second fiscal year of the phoenix employee
24 tax credit for occupations of high demand program, a minimum
25 of \$20,000,000 in phoenix employee tax credits for
26 occupations of high demand shall be made available to the
27 department and may be awarded by the department under this
28 section. This amount shall be adjusted to reflect any upward
29 changes in the Consumer Price Index for All Urban Consumers
30 (CPI-U) for the Pennsylvania, New Jersey, Delaware and

1 Maryland area.

2 (3) In the third and subsequent fiscal years of the
3 phoenix employee tax credit for occupations of high demand
4 program, a minimum of \$30,000,000 in phoenix employee tax
5 credits for occupations of high demand shall be made
6 available to the department and may be awarded by the
7 department under this section. If a phoenix employee is
8 terminated without cause, the employee is still eligible for
9 a phoenix employee tax credit under this section despite the
10 employee's termination. This amount shall be adjusted to
11 reflect any upward changes in the Consumer Price Index for
12 All Urban Consumers (CPI-U) for the Pennsylvania, New Jersey,
13 Delaware and Maryland area.

14 Section 1706-M. Fair payment of phoenix employees.

15 No company shall pay a phoenix employee, either in salary or
16 benefits, less than other employees of the same position and
17 years of experience, including any prior experience in a similar
18 job. The department may take complaints from employees regarding
19 this article and shall investigate any credible complaint.

20 Section 1707-M. Severing of employment.

21 (a) Termination.--If a phoenix employee is terminated with
22 cause, the company shall provide evidence to the department of
23 the termination and if the termination was merited, the
24 department shall provide the phoenix employee tax credit for
25 that year. If the termination is found to be without cause and
26 not merited, the department may not award the phoenix employee
27 tax credit to the company.

28 (b) Separation.--If a phoenix employee voluntarily separates
29 from a company, the company shall receive the phoenix employee
30 tax credit for that year.

1 Section 1708-M. Penalties.

2 (a) Failure to maintain operations.--A company that receives
3 a phoenix employee tax credit or returnship tax credit and fails
4 to substantially maintain existing operations or operations
5 related to the phoenix employee tax credit or returnship tax
6 credit for a period of five years from the date the company
7 first receives the phoenix employee tax credit or returnship tax
8 credit shall be required to refund to the Commonwealth the total
9 amount of phoenix employee tax credit or returnship tax credit
10 granted.

11 (b) Fraud.--It is a felony of the third degree if a company
12 or the company's representative, employee, agent or phoenix
13 employee knowingly submits false documentation to the department
14 or commits fraud to obtain benefits under this article.

15 Section 2. This act shall take effect in 60 days.

